

THE CBRT PRESS RELEASE ON REQUIRED RESERVES

In addition to the measures that have recently been taken by the Central Bank of the Republic of Turkey (CBRT) to alleviate the impact of the problems experienced in the global credit markets on the local economy, the FX required reserves ratio which currently stands at 11 percent, has been reduced by 2 percentage points to 9 percent. By this reduction in the FX required reserves ratio, an additional foreign currency liquidity that is equivalent to approximately USD 2,5 billion has been provided to the banking system.

The Central Bank will continue to take the necessary measures to contain the adverse effects of the problems in the international markets on the Turkish economy. To this end, depending on the nature of the developments in the global credit markets, additional New Turkish Lira (YTL) and FX liquidity measures might be taken.

In this context, if the problems in the global credit markets worsen, the FX required reserves ratio might be further reduced. On the other hand, when it is seen that the FX liquidity problems abate permanently, an increase of the aforementioned ratio might also be considered.

Besides, to support the reverse dollarization process, which we observe as a positive development in the current period, and to promote YTL deposits and loans, the remuneration on FX required reserves has been terminated and the interest rate applied to YTL required reserves has been increased. In this regard, interest applied to YTL required reserves has been raised from 75 percent to 80 percent of the CBRT's overnight borrowing rate.