

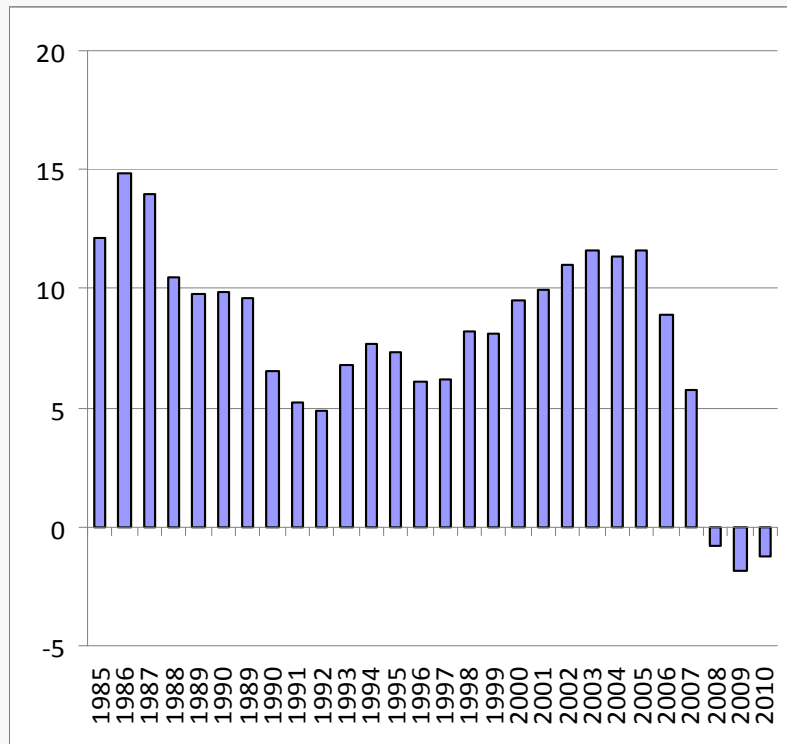
CENTRAL BANK OF THE REPUBLIC OF TURKEY

Durmuş YILMAZ
Governor

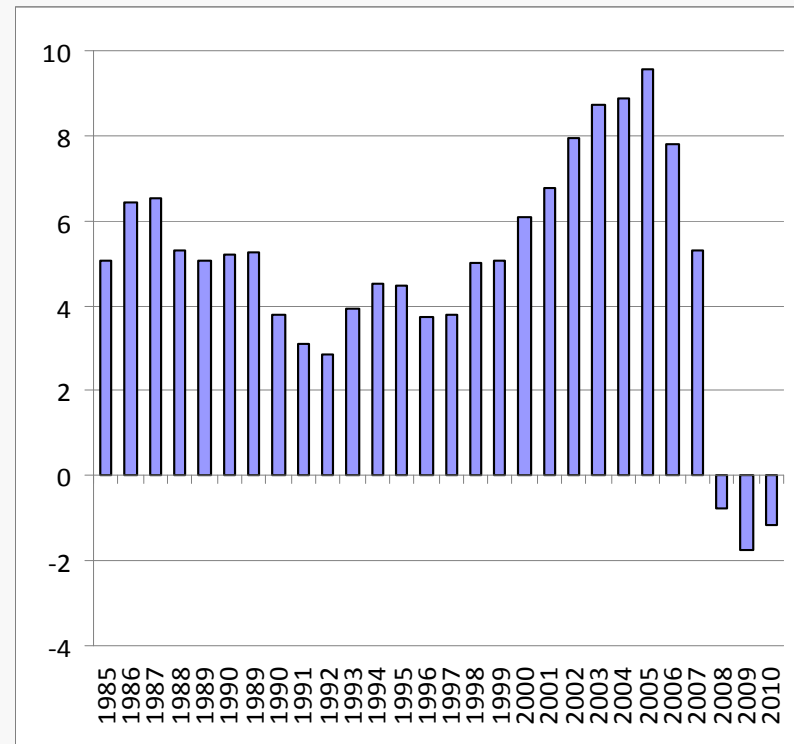
22 December 2010

Credit Expansion in the USA

Annual Change in Consumer Credit Volume
(percent)

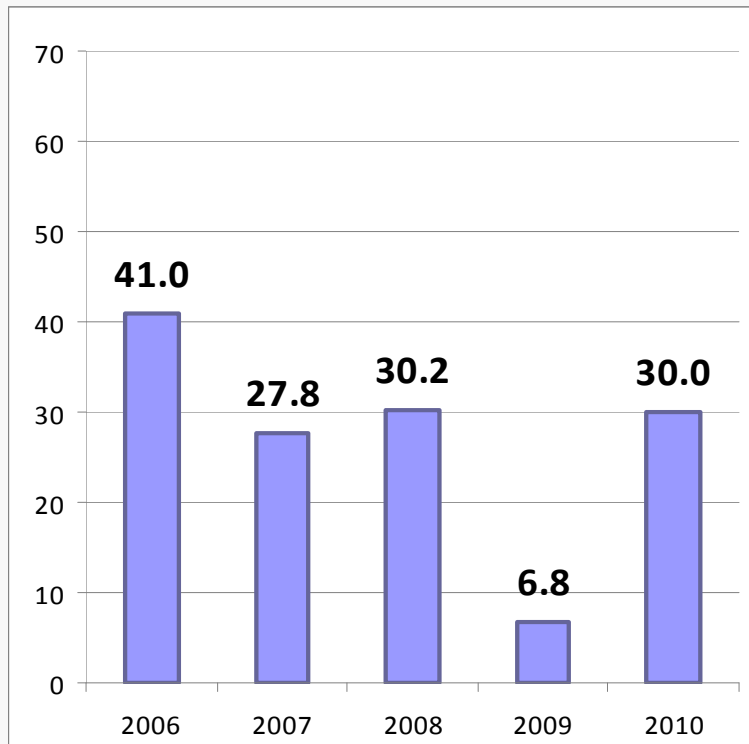


Ratio of Change in Consumer Credit Volume to GDP
(percent)

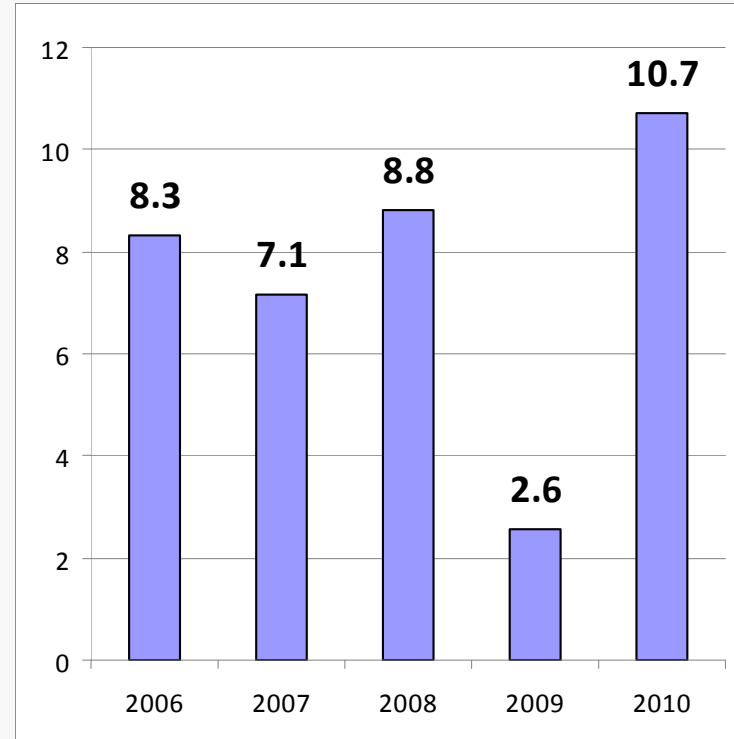


Credit Expansion in Turkey

Annual Change in Credit Volume
(percent)



Ratio of Change in Credit Volume to GDP
(percent)



Credit Growth and Current Account Deficit

Current Account Deficit = Private Sector Savings Gap + Public Sector Savings Gap

*Current Account Deficit = Increase in Credit – Increase in Deposits + Public Sector Borrowing Requirement + Other**

Credit Growth Rate (annual change)	Contribution to CAD (percent of GDP)
15%	6.8
20%	9.1
25%	11.4
30%	13.7
35%	16.0
Credit/GDP:	45.6%

* *Portfolio investments, foreign direct investment, etc.*

Credit Growth and Current Account Deficit

*Current Account Deficit = Increase in Credits – Increase in Deposits + Public Sector Borrowing Requirement + Other**

Credit Growth Rate in 2011 (annual change)	Current Account Deficit in 2011 (percent of GDP)
15%	1.2
20%	3.3
25%	5.4
30%	7.5
35%	9.6

A rise of 5 percentage points in credit growth rate increases the current account deficit by 2.1 points.

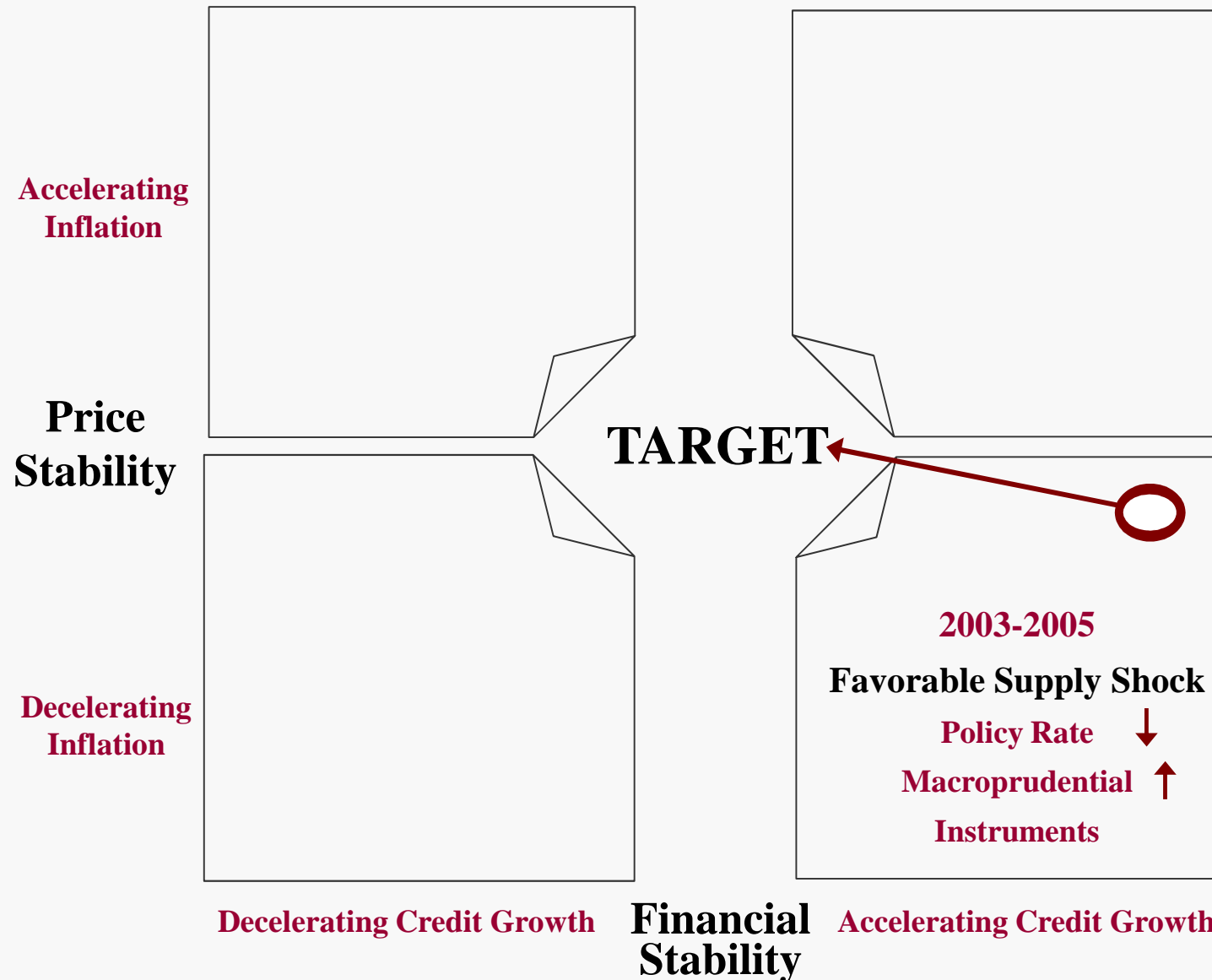
Assumptions for 2011

Growth (MTP):	4.5%
Inflation (MTP):	5.3%
Public Sector Borrowing Requirement (MTP):	2.0%
Deposit / GDP:	57.4%
Deposit Growth:	16.1%

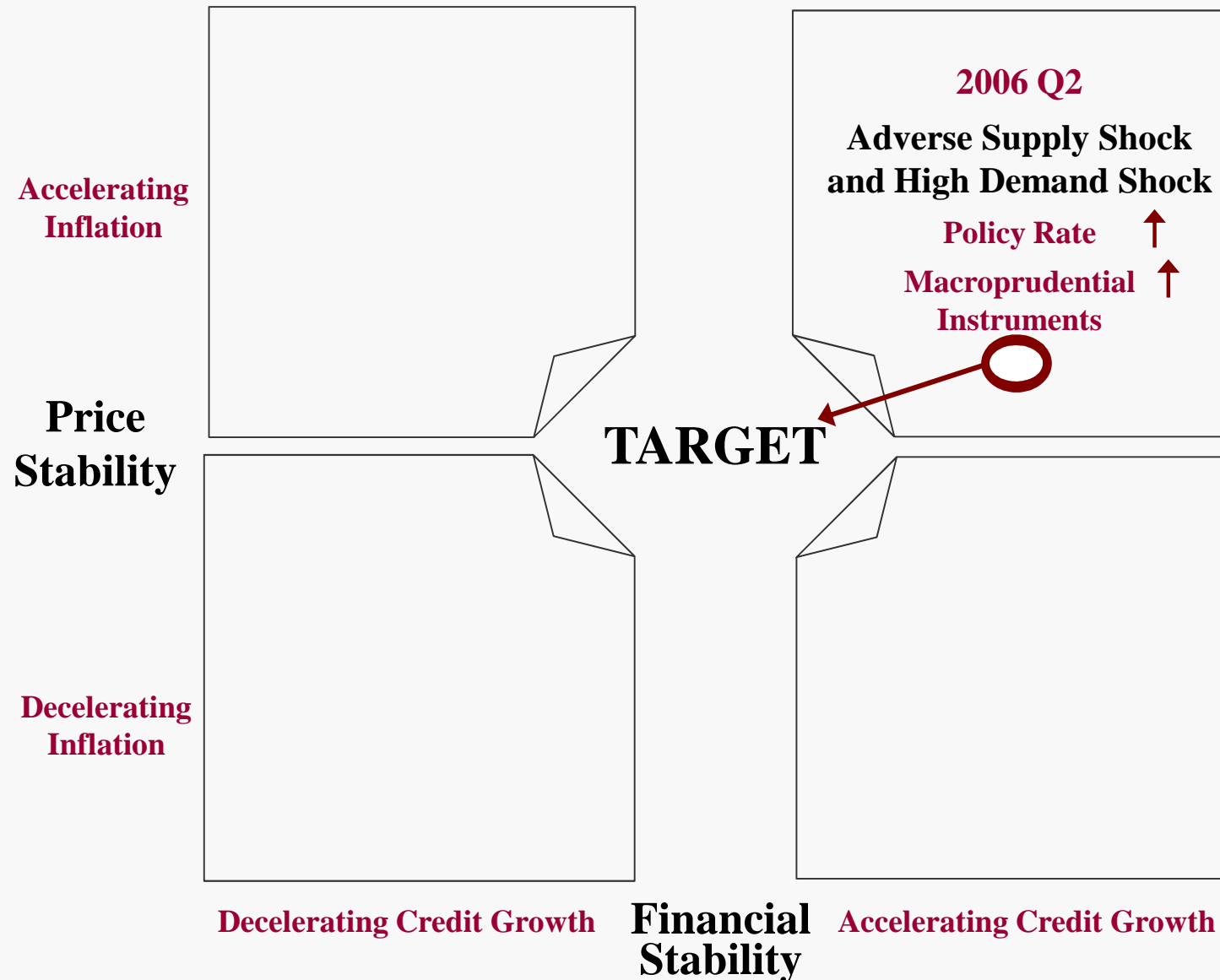
Overview

- It is important for credit expansion to materialize at a level consistent with macroeconomic targets of the Medium Term Program (MTP).
- In addition to this, measures shall continue to be taken for the extension of the maturities of banking sector's liabilities.

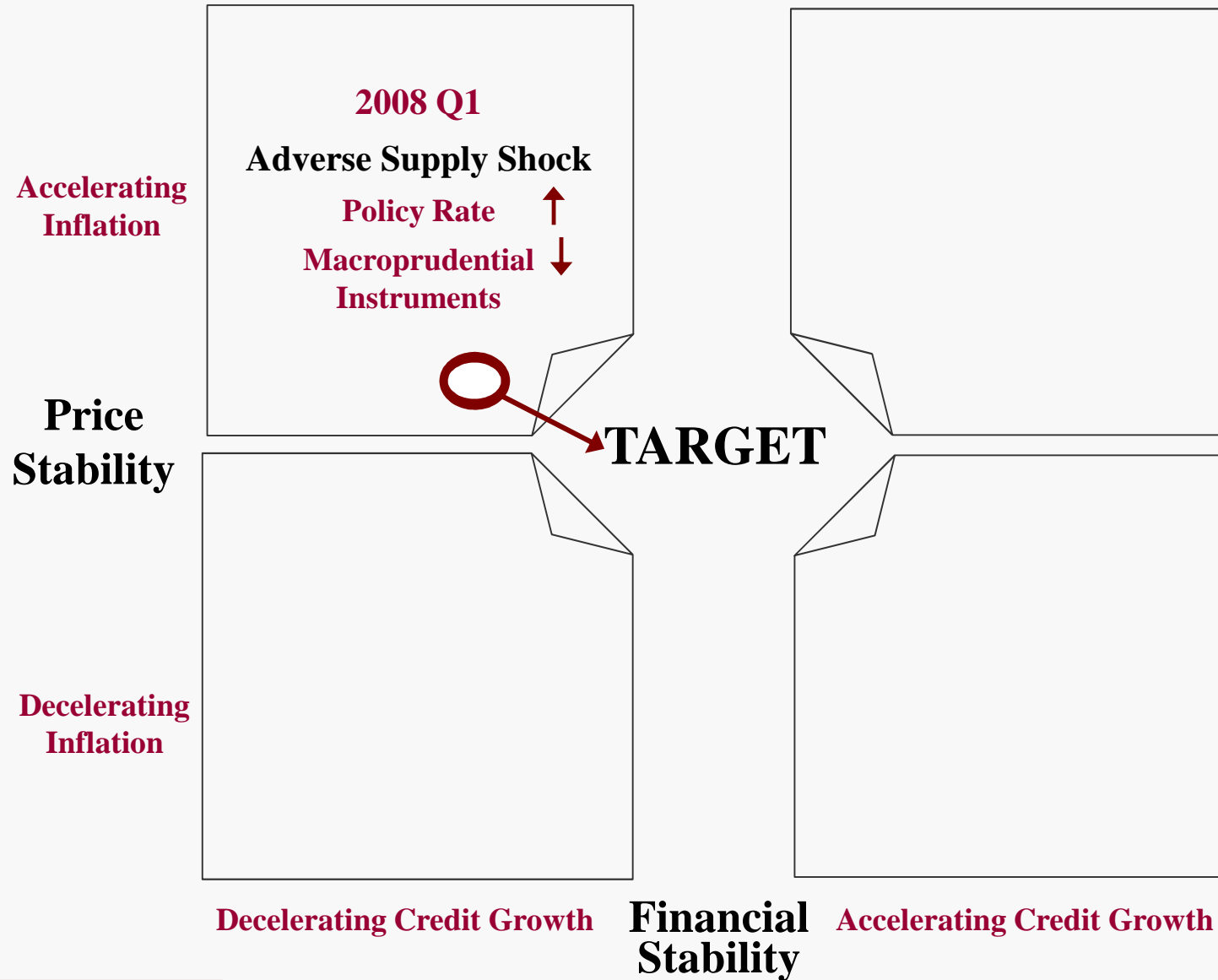
Current Economic Policy



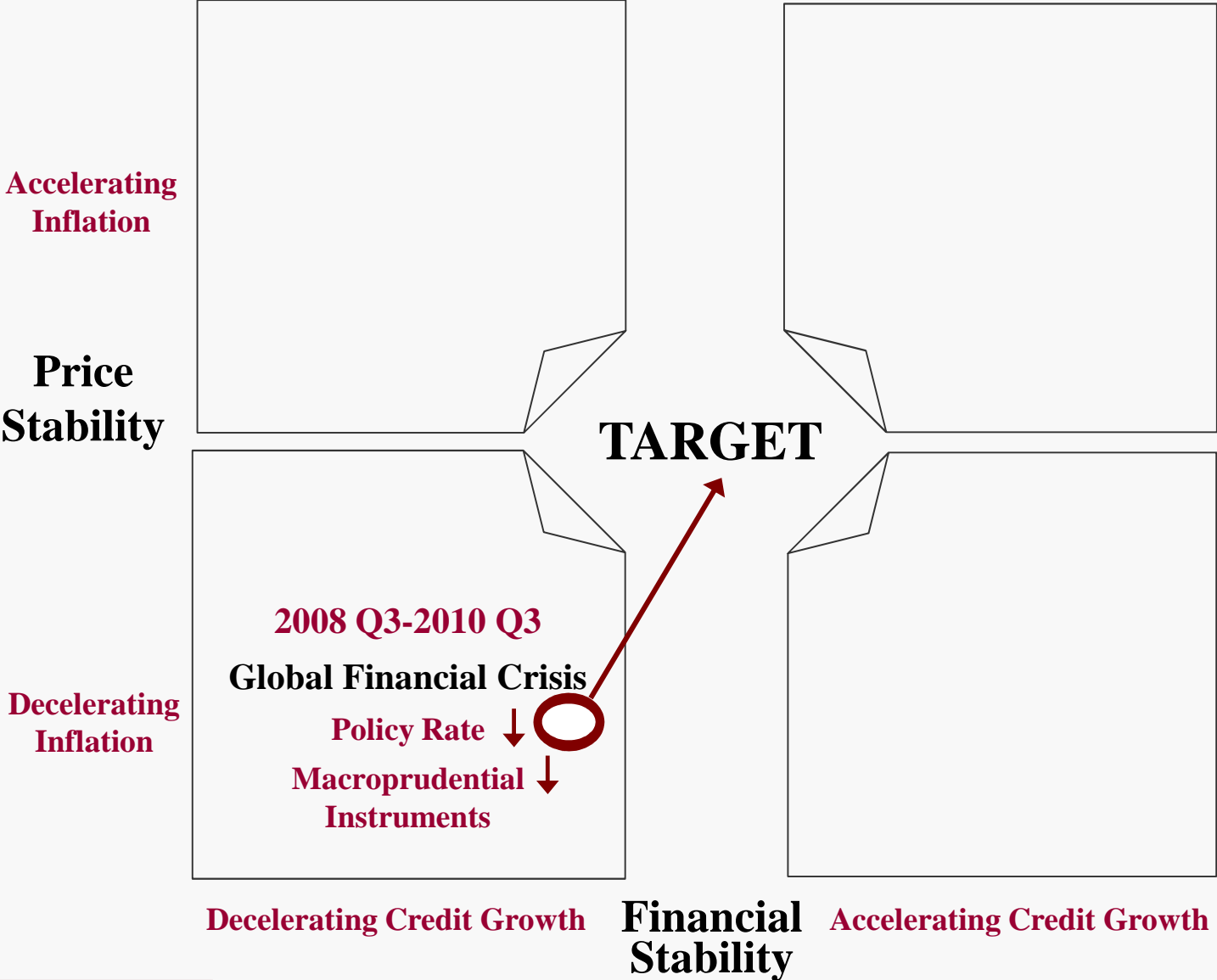
Current Economic Policy



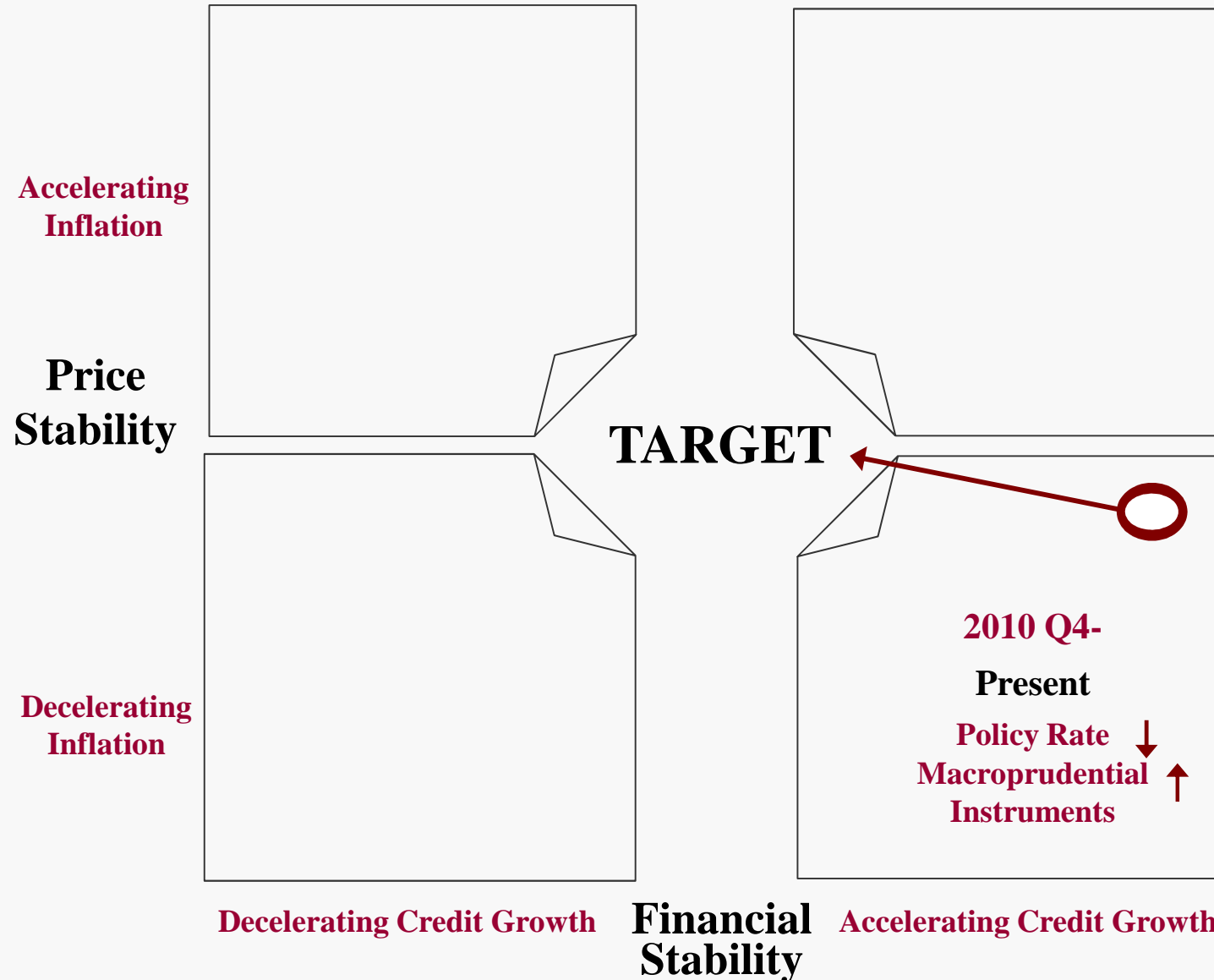
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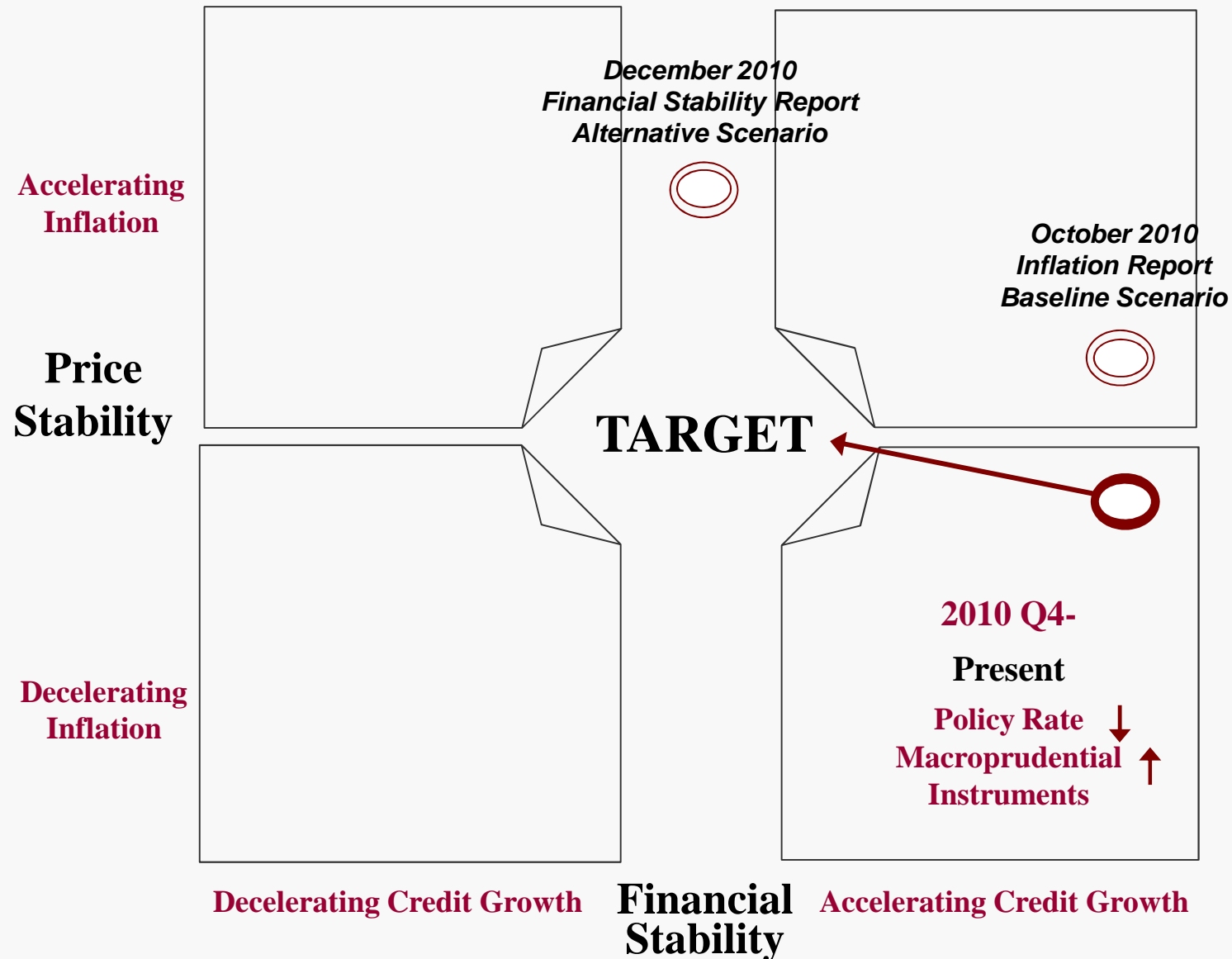
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