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## Global Economy

Fed hiked the policy rate by 25 basis points at its March meeting. Fed members' interest rate projections for 2018-end remained the same despite expectations of a rise.

While the rise of protectionism in foreign trade led by the US has caused an increase in risk perceptions on the global economy, steps have begun to be taken towards loosening financial regulations in the US that had been enacted after the global crisis.

The US political agenda has been as heavy as its economic agenda. The turbulence that began with the removal of the US Secretary of State weighed on the dollar. On the other hand, the news that the US and North Korea will hold a meeting in May has given rise to the possibility that a risk factor for global economy and markets can be largely eliminated.

The ECB did not make any changes in the policy rate and its asset purchase program at the March meeting. However, the Central Bank dropped its pledge "to increase the level of bond purchases if deemed necessary".

Economic activity and inflation indicators showed that the ECB will not be able to rapidly normalize its monetary policy in the near future.

Oil prices followed an upward trend in the second half of March. The fall in OPEC production and the news that production cuts could be further extended provided a boost to the prices.

## Turkish Economy

According to the chain volume index, Turkish economy expanded by 7.3% yoy in the last quarter of the year, in line with market expectations. The growth rate was 7.4% in the whole year.

Strong performance in labor market continued in December period. Unemployment rate was realized as 10.4% in this period and the seasonally adjusted figure decreased to 9.9%, the lowest level since March 2016.

Turkstat updated its industrial production index's base year as 2015. According to the new series, calendar adjusted industrial production increased by 12% yoy in January.

Central government budget deficit became 1.9 billion TRY in February, showing a better performance compared to the same month of the previous year. Budget revenues expanded by 30.1% yoy while expenditures increased by 17% in the same period.

In February, foreign trade deficit rose by 54.2% yoy to 5.8 billion USD. During this period, exports and imports surged up by 9% and 19.7%, respectively. According to the provisional data released by the Ministry of Customs and Trade, foreign trade deficit kept expanding on an annual basis in March.

Widening trend in current account deficit continued in parallel with rising foreign trade deficit. CAD, which was 2.7 billion USD in the same month of last year, exceeded market expectations with 7.1 billion USD in January 2018. 12-month cumulative current account deficit reached its highest level since April 2014.

In March, CPI rose in parallel with market expectations by 0.99% on a monthly basis. Due to the high base effect, annual CPI inflation decreased to 10.23%, the lowest level in the last 8 months.

Moody's cut Turkey's "Ba1" credit rating to "Ba2" on March 7 with a stable outlook.

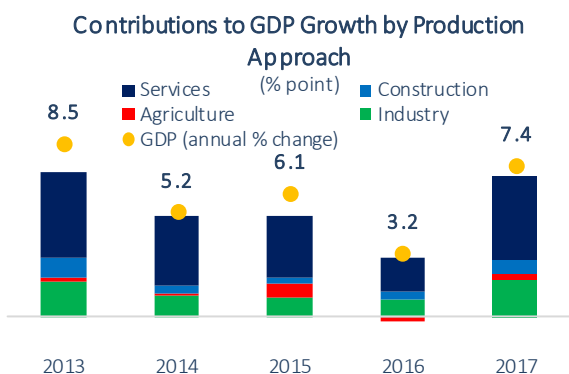
**Turkish economy grew by 7.4% in 2017.**

According to the chain volume index, Turkish economy expanded by 7.3% yoy in the last quarter of the year, in line with market expectations. Third quarter growth was revised up to 11.3% from 11.1% and first quarter growth up to 5.4% from 5.3%. Thus, Turkish economy grew by 7.4% in the whole year. Along with the stimulus measures, the upturn in domestic consumption and investments led this robust growth performance in 2017. Low base effect was also a factor.

According to GDP data by expenditure approach, private consumption expenditures provided the strongest support to growth almost whole year. Having contributed to the growth by 4.1 percentage points in the last quarter, private consumption expenditures added 3.7 pp to growth in 2017 as a whole. Investment expenditures also provided a considerable boost to the growth in 2017. Having lost some momentum in the fourth quarter, construction investments drove the growth up during the whole year in general.

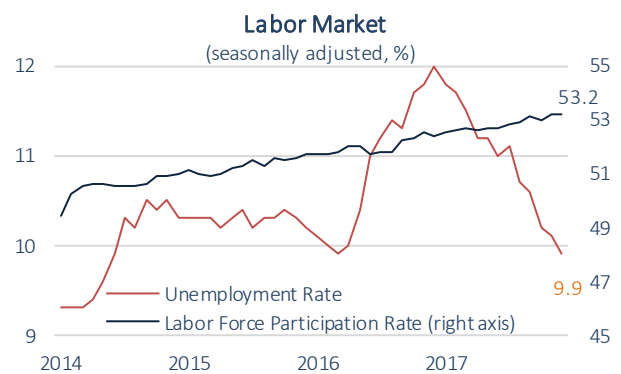
Contributions to Growth							(% point)
	2016	2017					
	Annual	Q1	Q2	Q3	Q4	Annual	
<b>Consumption</b>	<b>3.5</b>	<b>3.6</b>	<b>1.3</b>	<b>7.4</b>	<b>5.2</b>	<b>4.4</b>	
Private	2.2	2.4	1.7	6.6	4.1	3.7	
Public	1.2	1.2	-0.4	0.8	1.1	0.7	
<b>Investment</b>	<b>0.7</b>	<b>0.9</b>	<b>2.0</b>	<b>3.8</b>	<b>1.8</b>	<b>2.2</b>	
<b>Stock Change</b>	<b>0.3</b>	<b>-1.3</b>	<b>0.3</b>	<b>-0.3</b>	<b>3.4</b>	<b>0.7</b>	
<b>Net Exports</b>	<b>-1.3</b>	<b>2.1</b>	<b>1.8</b>	<b>0.4</b>	<b>-3.1</b>	<b>0.1</b>	
Exports	-0.4	2.3	2.4	3.7	1.9	2.6	
Imports	-0.9	-0.2	-0.5	-3.3	-5.0	-2.4	
<b>GDP</b>	<b>3.2</b>	<b>5.3</b>	<b>5.4</b>	<b>11.3</b>	<b>7.3</b>	<b>7.4</b>	

According to production approach, in 2017 the highest contribution to growth came from the services sector with 4.1 pp, thanks to the recovery in tourism sector. The industrial sector, recording the highest performance in six years, made a contribution of 1.8 pp during this period. In 2017, construction and agricultural sectors added 0.7 pp and 0.3 pp to growth, respectively. In 2016, agricultural sector pulled down the GDP expansion by 0.2 pp.



**Unemployment rate was realized as 10.4% in December.**

Strong performance in labor market had also continued in December period. Unemployment rate decreased to 10.4% in this period, a decline of 2.3 percentage points from December 2016. A rise of 1.6 million persons in total employment, which stemmed mainly from the services sector, was decisive in the fall in unemployment rate. On the other hand, increasing labor force participation rate limited the decline in unemployment rate. It was noteworthy that youth unemployment rate, covering the age group 15-24, fell by 4.8 pp to 19.2%, the lowest level since May 2016. Besides, the seasonally adjusted unemployment rate decreased by 0.2 points on a monthly basis to 9.9%, the lowest level in more than 1.5 years.



**Industrial production rose by 12% yoy in January.**

Turkstat updated its industrial production index's base year as 2015. According to the new series, calendar adjusted industrial production increased by 12% yoy in January. Mineral products, foods and wearing apparel sectors stood out with their contribution to manufacturing industry production. Moreover, the new industrial production data seems to be more consistent with the new GDP series.

**Manufacturing PMI declined in March.**

In March, manufacturing PMI decreased to 51.8, indicating that the growth in the sector continued albeit with a loss of momentum. Rising output, new orders and employment led the growth in the sector to continue. In the first two months of the year, the said data were at its highest levels since March 2011.

**Deterioration in confidence indicators...**

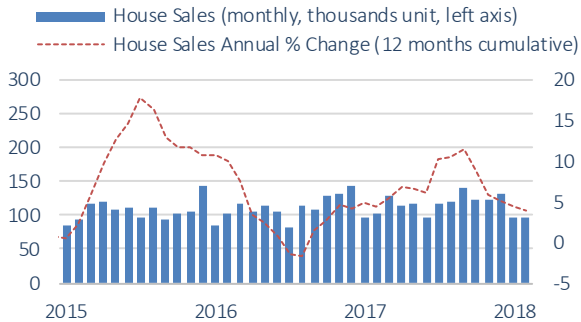
Consumer confidence index decreased on a monthly basis by 1.3% and became 71.3 in March. Sectoral confidence indices also declined in this period. The services, retail trade and construction confidence indices decreased by 1.6%, 1.9% and 5.9% mom respectively.

Source: Datastream, Markit, Turkstat

### House sales declined by 5.4% yoy in February.

According to Turkstat, house sales decreased by 5.4% on an annual basis to 95,953 in February. In this period, mortgaged house sales contracted by 27.8% yoy, while other sales increased by 8.4%. House sales to foreigners registered a rapid annual rise of 32.4%. Iraqi citizens continued to be the main customers.

#### Domestic House Sales



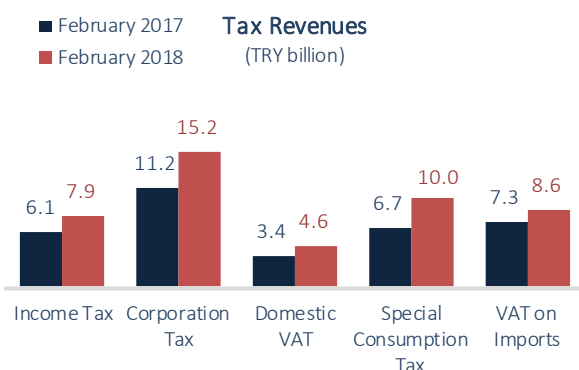
According to the CBRT's housing prices statistics, hedonic\* house prices rose by 0.6% on monthly basis and 10.12% yoy in January 2018. In this period, the house prices rose rapidly especially in Trakya and İzmir. On the other hand, İstanbul was among the regions that recorded the lowest annual housing prices change.

### Weak domestic demand in white goods sector...

Decreasing trend in domestic white goods since the end of incentives also continued in February. Domestic sales decreased by 17% compared to the same month of the previous year when the SCT cuts came into force. Exports recorded an increase of 16% in the same period. White goods production declined by 2% yoy.

### Budget posted deficit of 1.9 billion TRY in February.

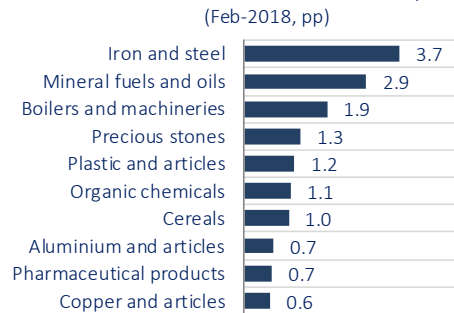
Central government budget deficit became 1.9 billion TRY in February, showing a better performance compared to the same month of the previous year. In February 2017, the budget deficit was 6.8 billion TRY. Budget revenues expanded by 30.1% yoy due to the rapid increase in tax revenues while expenditures increased by 17% in the same period. Tax revenues maintained a strong performance in February expanding by 31.4% on an annual basis.



### Foreign trade deficit came in at 5.8 billion USD.

In February, exports increased by 9% yoy to 13.2 billion USD, while imports surged up by 19.7% to 18.9 billion USD. Having increased more than 100% in January, foreign trade deficit rose by 54.2% to 5.8 billion USD. Exports of motor vehicles, the leading item in exports, increased by 26.2% yoy. In February, iron-steel imports surged up rapidly; making the highest contribution to the annual rise in imports by 3.7 pp.

#### Contributions to Annual Rise in Imports



According to the provisional foreign trade data released by the Ministry of Customs and Trade, foreign trade deficit kept expanding on an annual basis and reached 5.8 billion USD. During this period, exports increased by 8% yoy and reached 15.6 billion USD, while import volume expanded by 12.8% to 21.4 billion USD. Thus, in the first quarter of the year, exports and imports rose by 9.1% and 22.8% yoy, respectively.

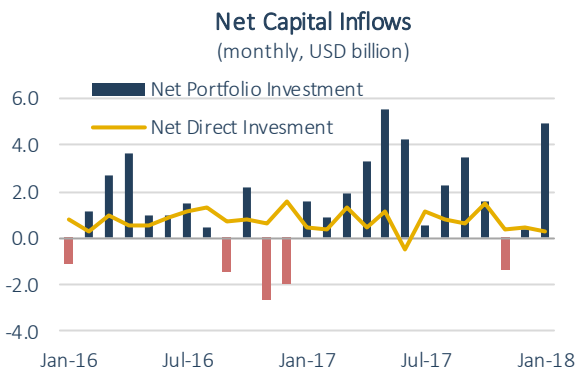
### In January, current account deficit was 7.1 billion USD.

Widening trend in current account deficit (CAD) continued in the first month of 2018. CAD, which was 2.7 billion USD in the same month of last year, exceeded market expectations with 7.1 billion USD in January 2018. Foreign trade figures continued to be decisive on the course of the current account deficit. 12-month cumulative CAD reached 51.6 billion USD, its highest level since April 2014. Excluding net energy and gold trade, 12-month CAD remained at low levels with 5.9 billion USD albeit kept widening.

Unlike the last months of 2017, financing of the current account deficit displayed a strong outlook in January. Net portfolio investments were realized at a high level of 4.9 billion USD while other investments contributed significantly to the financing of the current account deficit with 7.5 billion USD.

(\* Prices are adjusted for quality changes related to observed housing characteristics for Turkey in hedonic method)

Source: Turkstat, Datastream, CBRT, Ministry of Customs and Trade



**CPI was in parallel with expectations in March.**

In March, CPI rose in parallel with market expectations by 0.99% on a monthly basis. According to the Reuters survey, monthly CPI was expected to increase by 1%. Having increased rapidly in previous month Domestic Producer Price Index (D-PPI) lost some momentum in this period, surging up by 1.54% in March.

Downward trend in annual inflation since the beginning of 2018 continued in March. Due to the high base effect, annual CPI inflation decreased to 10.23%, the lowest level in the last 8 months.

In March, while prices in all main expenditure groups increased on a monthly basis, food group continued to play a significant role in inflation. Among the main expenditure groups, food and non-alcoholic beverages made the highest contribution to the monthly inflation by 48 basis points, increasing by 2.03%.

**CBRT's emphasis on inflation inertia...**

At its meeting on March 7, Monetary Policy Committee did not change interest rates in line with expectations. Accordingly, policy rate was held at 8% and upper and lower limits of interest rate corridor were kept as 7.25% and 9.25%, respectively. The late liquidity window interest rate remained at 12.75%. In the statement released following the meeting, it was pointed out that underlying trend indicators showed inertia and the core inflation remained elevated. CBRT suggested that tight stance in monetary policy would be maintained until inflation outlook records significant improvement independent of base effects and temporary factors and became consistent with the targets. The Committee also reiterated that further monetary tightening will be delivered if needed.

**Market's year-end inflation expectation was 9.49%.**

According to the CBRT's Survey of Expectations released in March, survey participants expected the Turkish economy to grow at rates close to its potential in both 2018 and 2019 with 4.6% and 4.5%, respectively. Year-end CPI inflation expectation slightly declined to 9.49%. The upward trend in the current account deficit mirrored in expectations in this period. The current account deficit expectation of the markets for 2018 increased by 3 billion USD compared to February and became 48.2 billion USD.

**Moody's cut Turkey's credit rating.**

Moody's cut Turkey's "Ba1" credit rating to "Ba2" on March 7, sending the country's sovereign debt which was at already one notch below the investment grade status further into speculative territory. Placing ratings outlook at "stable", Moody's has listed some reasons why it downgraded Turkey. The continued loss of institutional strength, increased political risks and a higher current account deficit rendering the country more vulnerable to external shocks were among them.

Moody's Ratings for Emerging Markets	
<b>Baa3*</b>	Indonesia, South Africa, Kazakhstan, Romania
<b>Ba1</b>	Morocco, Paraguay, Portugal, Russia
<b>Ba2</b>	Azerbaijan, Brazil, Georgia, Croatia, Turkey
<b>Ba3</b>	Bangladesh, Bolivia, South Cyprus, Senegal, Serbia

(\*) Lowest investment-grade rating

Source: Turkstat, Datastream, CBRT

	28/Feb	30/Mar	Change
5-Y CDS (basis points)	167	194	27 bps ▲
TR 2-Y Benchmark Yield	13.03%	14.03%	100 bps ▲
BIST-100	118,951	114,930	-3.4% ▼
USD/TRY	3.8065	3.9614	4.1% ▲
EUR/TRY	4.6426	4.8719	4.9% ▲
Currency Basket*	4.2245	4.4167	4.5% ▲

(\*) (0.5 USD/TRY + 0.5 EUR/TRY)

### Selling pressure in domestic markets...

The news flow on the US tariffs, global political developments and expectations for the monetary policies of advanced economies' central banks had repercussions on domestic markets. In addition, the cross-border operation, Moody's rating downgrade, the ongoing widening trend in current account deficit and domestic political developments have contributed to the recent deterioration of risk perception regarding Turkish markets. In parallel with these, TRY-denominated assets remained under pressure. During the weeks ending on March 2 and 9, non-residents' portfolios of government domestic debt securities and equities recorded net sales of 584 million USD and 237 million USD, respectively. In the following two weeks, on the other hand, net inflows were registered in the government domestic debt securities and equities, albeit at smaller amounts.

### CDS premiums increased by 27 basis points in March.

CDS premiums followed an upward trend as risk perception against domestic markets increased in March. Turkey's 5 year CDS premium, which hit the highest level of four months with 201 on March 28, completed the month at 194, surging up by 27 basis points.

### BIST-100 index followed a relatively weak course.

BIST-100 index, which rose in late February, followed a volatile course in March. The index declined rapidly in the last week of the month. In March BIST-100 index decreased by 3.4% and was realized as 114,930 at the end of the month.

### Stock Market in Emerging Countries

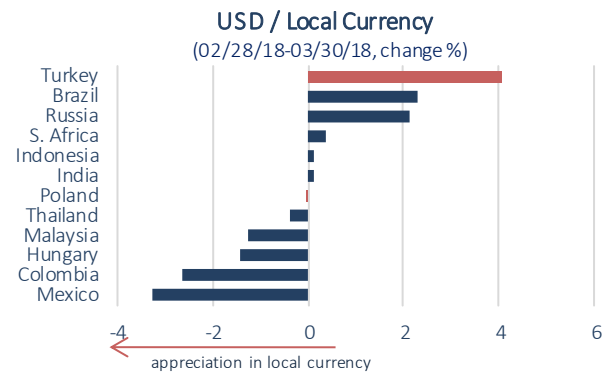
(02/28/18-03/30/18, change %)



### Rapid depreciation in TRY...

In March, TRY was under pressure due to the decreasing appetite for TRY assets. In the first week of March,

USD/TRY, which had a volatile course in parallel with the performance of US dollar in the global markets, rose rapidly due to higher-than-expected current account deficit data on March 12. In the following days, USD/TRY, which continued to rise with the influence of domestic political and geopolitical developments, reached a historic high level with 4.03 on March 23. USD/TRY followed a volatile course in the rest of the month but eased slightly after the growth data on March 29. EUR/TRY, on the other hand, followed an upward trend in March in general. USD/TRY and EUR/TRY rose by 4.1% and 4.9% on a monthly basis, closing March at 3.96 and 4.87, respectively.



### Rapid increase in 2-year benchmark interest rate...

Treasury planned to borrow 6.6 billion TRY against a 6 billion TRY debt redemption in March. On March 13, the average annual compound rate was realized as 13.30% on re-issuance of 5-year TRY denominated fixed coupon bond. Treasury completed its March borrowing program in line with expectations with two bond auctions held on March 20. There was a strong demand for the bonds due particularly to the recent increase in interest rates. In the immediate aftermath of the auctions, TRY somewhat appreciated. Following an upward trend since the beginning of March, 2-year benchmark bond yield reached 14.3% on March 28, the highest level in four months. 2-year benchmark bond yield ended the month at 14.0% rising by 100 basis points compared to February 28.

### 2-year Benchmark Bond Yield

(%)



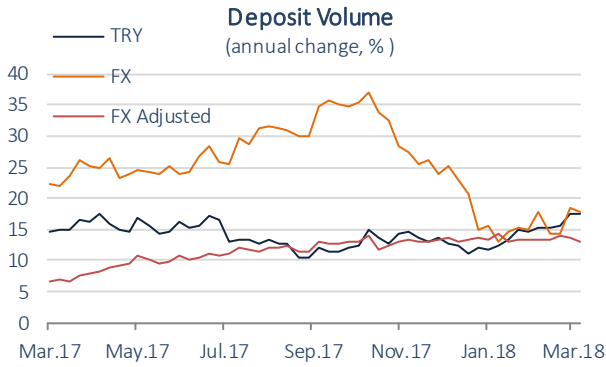
Source: CBRT, Datastream, Reuters, BIST

## Banking Sector

### Deposit volume was 1,888 billion TRY.

According to Weekly Bulletin published by BRSA, total deposit volume expanded by 4.8% ytd to 1,888 billion TRY as of March 23. FX adjusted year-to-date expansion in total deposits became 2.8%. In this period, TRY deposit volume grew by 3.8%, while FX deposits in USD terms rose by 1.7% to 222 billion USD.

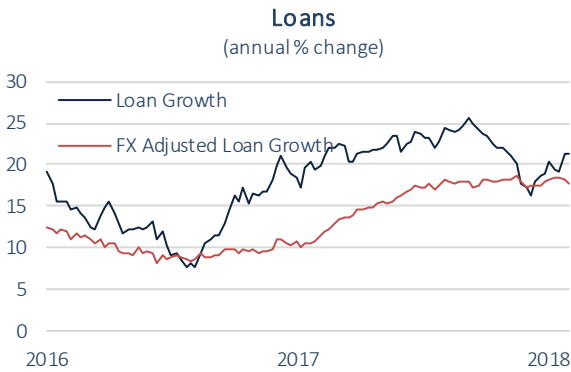
On an annual basis, total deposit volume increased by 284 billion TRY (17.7%). 151 billion TRY of this increase came from the rise in TRY deposits while FX deposits recorded a rise of 16 billion USD.



### Annual loan growth was 21.2%.

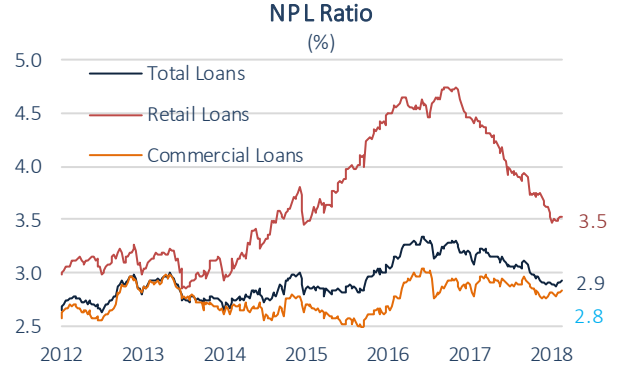
Total loan volume surged by 4.3% (91 billion TRY) ytd to 2,225 billion TRY. FX adjusted growth was 2.8%. In this period, TRY loans and FX loans in USD terms increased by 2.9% (41.1 billion TRY) and 2.7% (4.9 billion USD), respectively.

As of March 23, annual loan growth became 21.2% while FX adjusted loan growth was 17.6%. In this period, TRY credits maintained its strong course, increasing by 21.8%. Having experienced a rapid rise recently, FX credit volume in USD terms decelerated somewhat, recording a rise of 9.5% yoy.



### NPL ratio in the Turkish banking sector at 2.87%...

As of March 23, gross non-performing loans stood at 65.2 billion TRY, while NPL ratio was 2.87%. In this period, NPL ratios for consumer credits and commercial loans were realized as 3.5% and 2.77%, respectively.

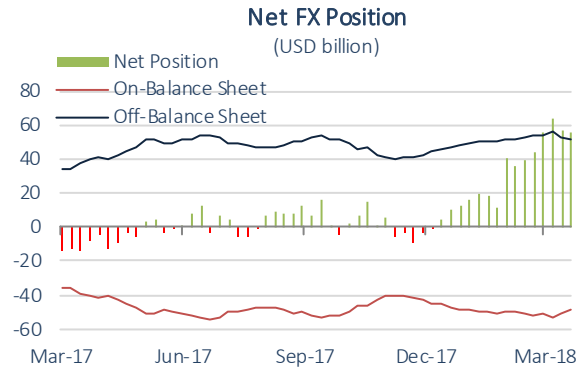


### Securities portfolio...

Securities portfolio of the banking sector grew by 2.9% ytd as of March 23. In this period, portfolio of securities available for sale declined by 3.3% whereas portfolio of securities held as collateral rose by 3.5%.

### Net foreign currency position...

As of March 23, banks' on-balance sheet FX position was (-) 48,798 million USD while off-balance sheet FX position was realized as (+) 51,601 million USD. Hence, banking sector's net FX position became (+) 2,803 million USD.



## Concluding Remarks

US President Trump continues to deliver his election promises that could mean more uncertainty for the markets. Protectionist foreign trade policies adopted by the Trump administration pose a threat to the global economy. The responses of US's major trade partners like China and the EU to the recent measures will determine how seriously the possibility of a "world trade war" will be discussed in the period ahead.

Domestic and international political agenda of the US continues to be closely monitored by the markets. The news that the US Secretary of State was removed from office and then that the National Security Advisor resigned put downward pressure on the US dollar. On the other hand, there are positive developments in the US-North Korean relations which had occasionally caused deterioration of global risk perception since 2016. The parties are expected to hold a meeting in May.

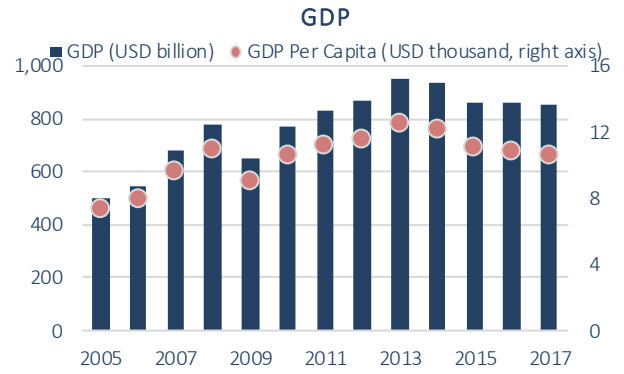
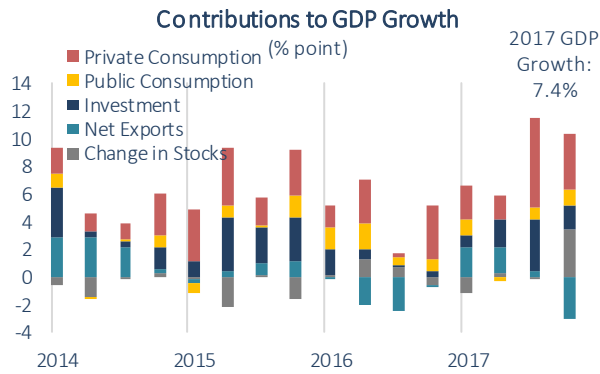
US economic policies as well as Trump's appointments of high state officials somewhat overshadowed the Fed in March. The interest rate hike at the first meeting of Powell had been mostly priced in by markets. Fed members' policy rate projections continued to signal three hikes in 2018. In the Euro Area, on the other hand, ECB made a change to its communication about the asset purchase program. Nevertheless, Draghi reiterated that inflation remained subdued and that they will avoid surprising markets in the normalization process.

Leading indicators offered a mixed picture in the first quarter of the year. January industrial production and the first quarter PMI data indicated that industrial sectors made a good start to the year. However, the continued widening in foreign trade deficit pointed to an increased pressure on GDP growth in the first quarter. February central government budget figures presented a favorable outlook for fiscal discipline as the deficit narrowed on an annual basis. Stickiness in inflation expectations persisted. Upward moves in foreign exchange rates triggered by a couple of factors including Moody's downgrade, geopolitical developments and volatility in investors' appetite for the emerging markets, further increase the risks to inflation outlook. The trajectory of current account deficit also matters for the future performance of Turkish economy. Turkey's external financing needs for the coming 12 months, including the expected current account deficit, reached 235 billion USD as of January. Considering the looming tightening in global financial conditions, this constitutes a significant vulnerability for the period ahead.

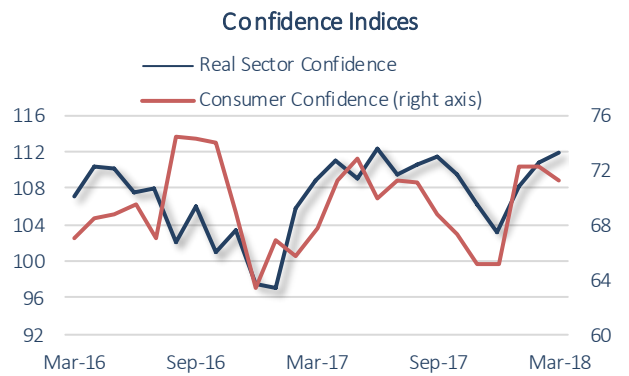
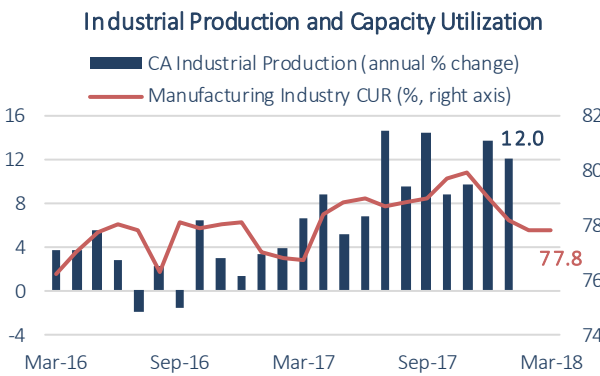
Forecasts (%)	2017 (R)	2018
Growth	7.4	4.1
Current Account Deficit/GDP	5.5	5.5
Inflation (year-end)	11.9	10.2

(R) Realization

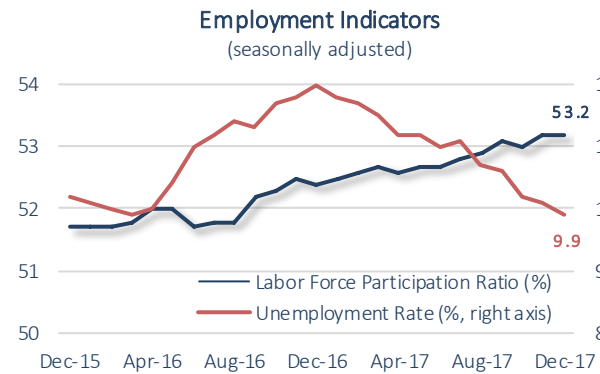
Growth



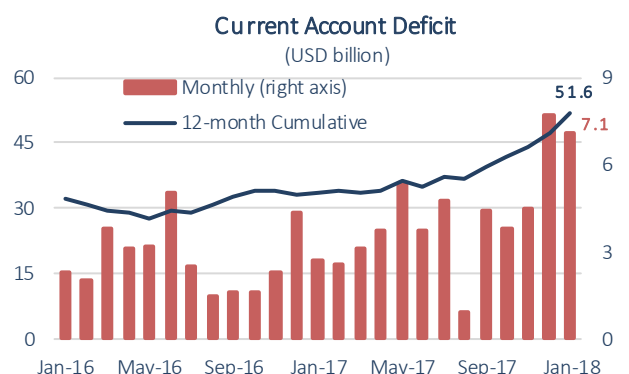
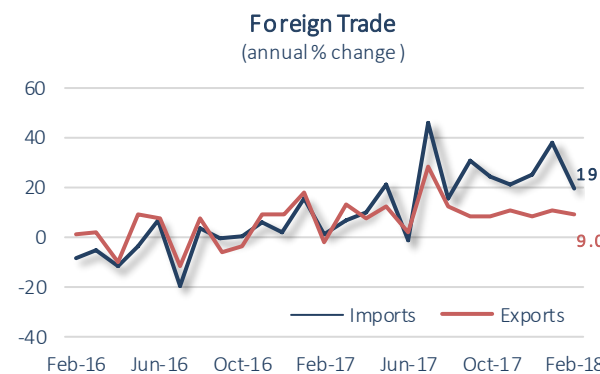
Leading Indicators



Labor Market



Foreign Trade and Current Account Balance

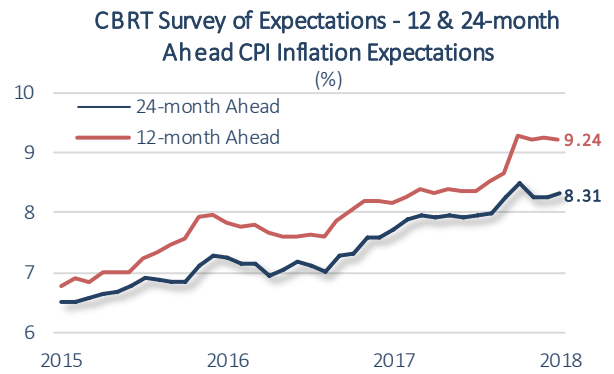
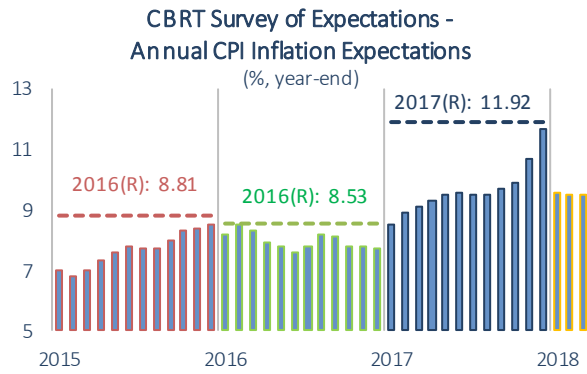
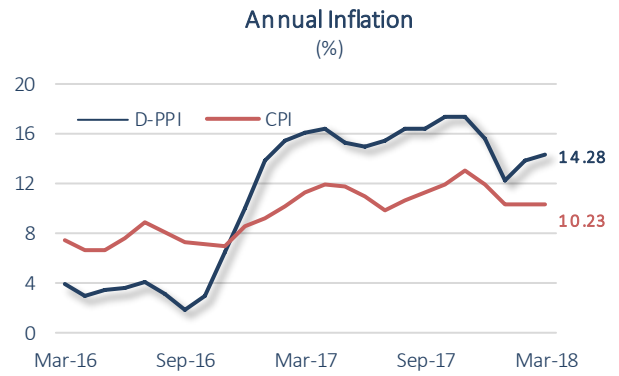
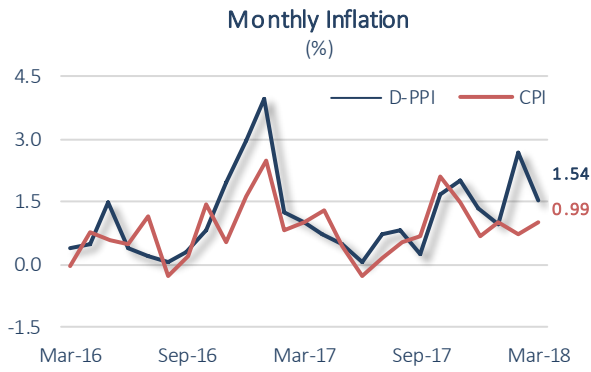


(CA) Calendar adjusted

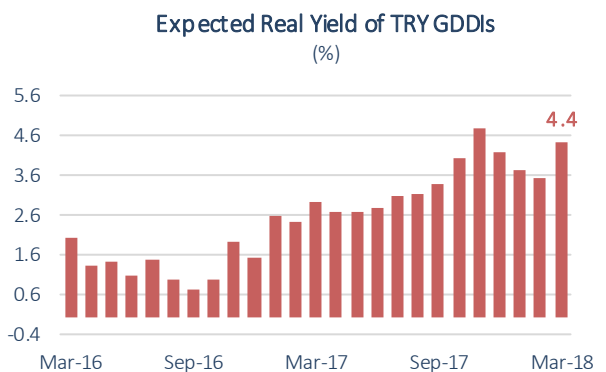
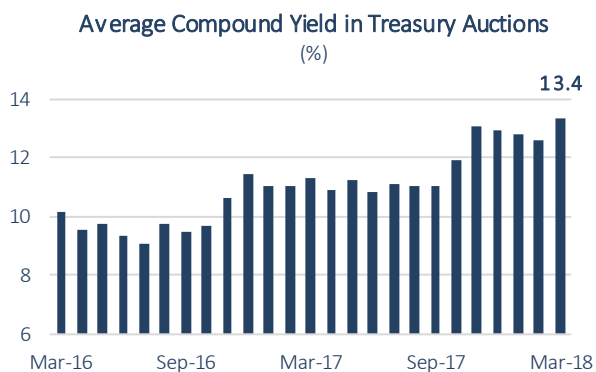
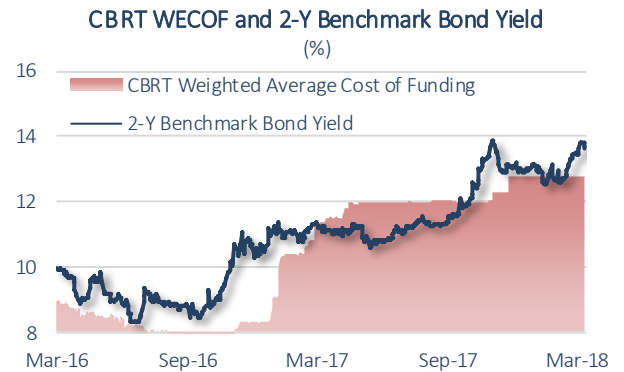
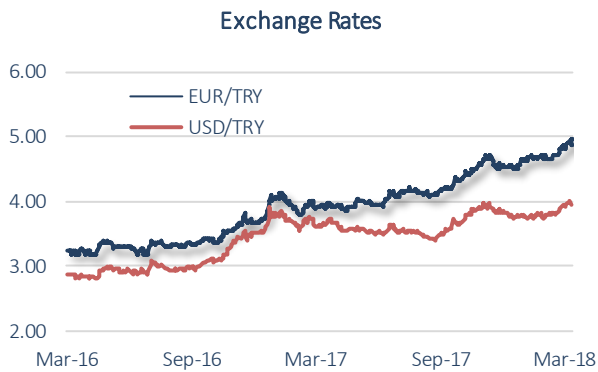
Source: Datastream, CBRT, Turkstat



Inflation



Foreign Exchange and Bond Market



## Turkish Economy - Macroeconomic Indicators

<b>Growth</b>	2013	2014	2015	2016	2017	18-Q1	18-Q2	18-Q3
GDP (USD billion)	950	935	862	863	851			
GDP (TRY billion)	1,570	2,045	2,339	2,609	3,105			
GDP Growth Rate (%)	8.5	5.2	6.1	3.2	7.4			
<b>Inflation (%)</b>						Jan-18	Feb-18	Mar-18
CPI (annual)	7.40	8.17	8.81	8.53	11.92	10.35	10.26	10.23
Domestic PPI (annual)	6.97	6.36	5.71	9.94	15.47	12.14	13.71	14.28
<b>Seasonally Adjusted Labor Market Figures</b>						Oct-17	Nov-17	Dec-17
Unemployment Rate (%)	9.1	10.3	10.2	12.0	9.9			
Labor Force Participation Rate (%)	48.5	51.0	51.7	52.4	53.2			
<b>FX Rates</b>						Jan-18	Feb-18	Mar-18
CPI Based Real Effective Exchange Rate	101.0	105.2	97.9	92.1	85.0	85.5	84.7	
USD/TRY	2.1485	2.3378	2.9189	3.5176	3.7916	3.7514	3.8065	3.9614
EUR/TRY	2.9605	2.8288	3.1708	3.7102	4.5530	4.6733	4.6426	4.8719
Currency Basket (0.5*EUR+0.5*USD)	2.5545	2.5833	3.0448	3.6139	4.1723	4.2124	4.2245	4.4167
<b>Foreign Trade Balance<sup>(1)</sup> (USD billion)</b>						Dec-17	Jan-18	Feb-18
Exports	151.8	157.6	143.8	142.5	157.0		158.2	159.3
Imports	251.7	242.2	207.2	198.6	233.8		239.7	242.8
<b>Foreign Trade Balance</b>	<b>-99.9</b>	<b>-84.6</b>	<b>-63.4</b>	<b>-56.1</b>	<b>-76.8</b>		<b>-81.5</b>	<b>-83.6</b>
Import Coverage Ratio (%)	60.3	65.1	69.4	71.8	67.2		66.0	65.6
<b>Balance of Payments<sup>(1)</sup> (USD billion)</b>						Nov-17	Dec-17	Jan-18
<b>Current Account Balance</b>	<b>-63.6</b>	<b>-43.6</b>	<b>-32.1</b>	<b>-33.1</b>	<b>-47.2</b>			<b>-51.6</b>
<b>Capital and Financial Accounts</b>	<b>-62.7</b>	<b>-42.6</b>	<b>-22.4</b>	<b>-22.1</b>	<b>-47.1</b>			<b>-50.3</b>
Direct Investments (net)	-9.9	-6.1	-12.9	-10.2	-8.1			-8.0
Portfolio Investments (net)	-24.0	-20.2	15.7	-6.3	-24.3			-27.6
Other Investments (net)	-38.7	-15.9	-13.3	-6.5	-6.5			-13.0
Reserve Assets (net)	9.9	-0.5	-11.8	0.8	-8.2			-1.8
<b>Net Errors and Omissions</b>	<b>1.0</b>	<b>1.1</b>	<b>9.8</b>	<b>11.0</b>	<b>0.0</b>			<b>1.2</b>
<b>Current Account Balance/GDP (%)</b>	<b>-6.7</b>	<b>-4.7</b>	<b>-3.7</b>	<b>-3.8</b>	<b>-5.5</b>			<b>-</b>
<b>Budget<sup>(2)(3)</sup> (TRY billion)</b>						Dec-17	Jan-18	Feb-18
<b>Expenditures</b>	<b>408.2</b>	<b>448.8</b>	<b>506.3</b>	<b>583.7</b>	<b>677.7</b>		<b>56.5</b>	<b>119.4</b>
Interest Expenditures	50.0	49.9	53.0	50.2	56.7		6.0	12.7
Non-interest Expenditures	358.2	398.8	453.3	533.4	621.0		50.5	106.7
<b>Revenues</b>	<b>389.7</b>	<b>425.4</b>	<b>482.8</b>	<b>554.4</b>	<b>630.3</b>		<b>58.2</b>	<b>119.2</b>
Tax Revenues	326.2	352.5	407.8	458.7	536.0		52.0	104.6
<b>Budget Balance</b>	<b>-18.5</b>	<b>-23.4</b>	<b>-22.6</b>	<b>-29.3</b>	<b>-47.4</b>		<b>1.7</b>	<b>-0.2</b>
<b>Primary Balance</b>	<b>31.4</b>	<b>26.5</b>	<b>30.4</b>	<b>21.0</b>	<b>9.3</b>		<b>7.7</b>	<b>12.5</b>
<b>Budget Balance/GDP (%)</b>	<b>-1.2</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-1.5</b>		<b>-</b>	<b>-</b>
<b>Central Government Debt Stock (TRY billion)</b>						Dec-17	Jan-18	Feb-18
Domestic Debt Stock	403.0	414.6	440.1	468.6	535.4		539.8	543.9
External Debt Stock	183.2	197.9	238.1	291.3	341.0		352.7	353.0
<b>Total Debt Stock</b>	<b>586.2</b>	<b>612.5</b>	<b>678.2</b>	<b>760.0</b>	<b>876.5</b>		<b>892.6</b>	<b>896.8</b>

(1) 12-month cumulative

(2) Year-to-date cumulative

(3) According to Central Government Budget

BANKING SECTOR ACCORDING TO BRSA's MONTHLY BULLETIN FIGURES

(TRY billion)	2013	2014	2015	2016	2017	Jan.18	Feb.18	Change <sup>(1)</sup>
<b>TOTAL ASSETS</b>	<b>1,732</b>	<b>1,994</b>	<b>2,357</b>	<b>2,731</b>	<b>3,258</b>	<b>3,248</b>	<b>3,296</b>	<b>1.2</b>
<b>Loans</b>	<b>1,047</b>	<b>1,241</b>	<b>1,485</b>	<b>1,734</b>	<b>2,098</b>	<b>2,111</b>	<b>2,145</b>	<b>2.2</b>
TRY Loans	753	881	1,013	1,131	1,414	1,422	1,447	2.3
Share (%)	71.9	71.0	68.2	65.2	67.4	67.4	67.5	-
FX Loans	295	360	472	603	684	689	697	2.0
Share (%)	28.1	29.0	31.8	34.8	32.6	32.6	32.5	-
Non-performing Loans	29.6	36.4	47.5	58.2	64.0	74.5	75.9	18.6
Non-performing Loan Rate (%)	2.8	2.9	3.1	3.2	3.0	3.4	3.4	-
<b>Securities</b>	<b>287</b>	<b>302</b>	<b>330</b>	<b>352</b>	<b>402</b>	<b>402</b>	<b>403</b>	<b>0.3</b>
<b>TOTAL LIABILITIES</b>	<b>1,732</b>	<b>1,994</b>	<b>2,357</b>	<b>2,731</b>	<b>3,258</b>	<b>3,248</b>	<b>3,296</b>	<b>1.2</b>
<b>Deposits</b>	<b>946</b>	<b>1,053</b>	<b>1,245</b>	<b>1,454</b>	<b>1,711</b>	<b>1,714</b>	<b>1,745</b>	<b>2.0</b>
TRY Deposits	594	661	715	845	955	946	967	1.3
Share (%)	62.8	62.8	57.4	58.1	55.8	55.2	55.4	-
FX Deposits	352	391	530	609	756	768	778	2.9
Share (%)	37.2	37.2	42.6	41.9	44.2	44.8	44.6	-
<b>Securities Issued</b>	<b>61</b>	<b>89</b>	<b>98</b>	<b>116</b>	<b>145</b>	<b>151</b>	<b>154</b>	<b>5.8</b>
<b>Payables to Banks</b>	<b>254</b>	<b>293</b>	<b>361</b>	<b>418</b>	<b>475</b>	<b>477</b>	<b>485</b>	<b>2.0</b>
<b>Funds from Repo Transactions</b>	<b>119</b>	<b>137</b>	<b>157</b>	<b>138</b>	<b>99</b>	<b>94</b>	<b>92</b>	<b>-6.8</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>193.7</b>	<b>232.0</b>	<b>262.3</b>	<b>300.3</b>	<b>359.1</b>	<b>373.6</b>	<b>376.4</b>	<b>4.8</b>
Profit (Loss) of the Period	24.7	24.6	26.1	37.5	49.1	4.5	8.4	-
<b>RATIOS (%)</b>								
Loans/GDP	57.9	60.7	63.5	66.5	67.6			
Loans/Assets	60.5	62.2	63.0	63.5	64.4	65.0	65.1	-
Securities/Assets	16.6	15.2	14.0	12.9	12.3	12.4	12.2	-
Deposits/Liabilities	54.6	52.8	52.8	53.2	52.5	52.8	52.9	-
Loans/Deposits	110.7	117.9	119.2	119.3	122.6	123.2	122.9	-
Capital Adequacy (%)	15.3	16.3	15.6	15.6	16.9	16.8	16.7	-

(1) Year-to-date % change

Source: BRSA, Turkstat

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