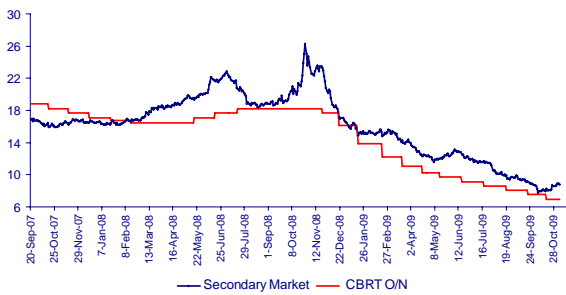


# Turkey Weekly Macro Comment

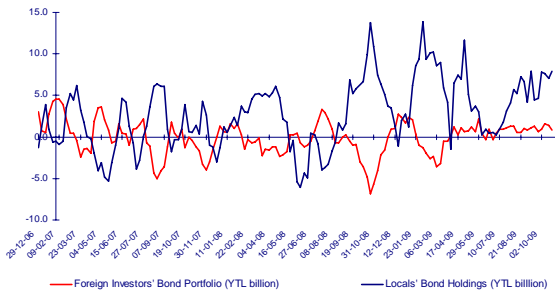
09 November 2009

## Bond Rates vs O/N



Source: Central Bank of Turkey, YK Economic Research

## Domestic & Foreign Bond Portfolios (4W change)



Source: Central Bank of Turkey, YK Economic Research

## Last Minute Relief, but Some Damage Done Nevertheless

- An interesting weak in politics has kicked off today, and it may end up more interesting than we had contemplated with controversial and challenging issues cooking on both external and internal fronts.
- Sudanese President Al Bashir cancelled his controversial visit to Turkey and saved the AKP which has been adamant to all criticisms coming from the Western World until the very end from a significant credibility loss. Still some damage suffered though.
- Regarding domestic politics, the hearing in the National Assembly tomorrow that addresses the democratic (read Kurdish) initiative is the hot issue of the week.
- MoM growth figure for IP for September filtered both for seasonality and effective days yields a significantly negative 2.8% following two consecutive months of positive growth in July and August at 2.7% and 1.2%, respectively.
- October CPI Inflation at 2.41% took even the most pessimistic ones by surprise including us.
- The CBRT had warned about the high inflation prospect in October many times in their reports and communiqués and the resulting outcome should have no impact on their policy rate decision coming next week.
- Despite the fact that disinflation remains fairly intact under the reigning contraction setting, difficulties to emerge when recovery begins is a given. Add to that the pressure that will be coming from energy and administered goods prices and the challenge becomes even more Herculean.

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## 1.1 General Outlook

**An interesting weak in politics has kicked off today, and it may end up more interesting than we had contemplated with controversial and challenging issues cooking on both external and internal fronts. Sudanese President Al Bashir cancelled his visit to Turkey where he would be attending the Muslim League Conference reportedly in order not to put Turkey in an awkward position vis-à-vis the Western World that had charged him with crimes against humanity in Darfur. The AKP has been adamant to all criticisms coming from the Western World until the very end and would have suffered significant credibility loss particularly on the external politics front had the cancellation not taken place.** Our hunch is that the Turkish side may also have been influential in bringing forth the cancellation decision although official denials promptly arrived and are likely to be reemphasized if necessary.

Siding with the oppressed in defiance of “Realpolitics” could be a short term loss factor for a country, but in the medium to long term consistent and transparent preference for justice, equal treatment for all, and categorical rejection of spineless stances should inevitably bear their fruit at some point Or so we would like to believe although some consider this sort of an approach too naïve and unproductive in the world if not merciless, self-interest seeking nations. Not so if you are trying to set yourself apart and to set some new standards which will serve as your PR sales pitch in a game of continuous positioning for influence/power acquisition. It looks like this is exactly what Turkey has been trying to do as of late with the Armenian and Kurdish initiatives (including fortification of ties with the autonomous Kurdish region in Northern Iraq) and her rapprochement policy towards Iran, the outcast in the region for all the right or wrong reasons. Add to this PM Erdogan’s harsh criticisms of Israel’s policies in Gazze and in Palestinian territories in general, which, we must remind the reader, have received *no criticism* from the Western World (including the US Administration, a surprise to most analysts but not to us as we previously discussed in our Weekly publications), and you are talking about a totally new perspective in Turkish foreign affairs policy. Yet as ambitious and prudent as this policy seems, and it has been to a large extent, it is quite unprecedented, radical, and thus fragile in the sense that minor mistakes would render it susceptible and open to exaggerated objections. That major mistakes create huge credibility problems goes without saying. Policies regarding Iran and Sudan seem to have created the biggest question marks in the eye of the Western World regarding the consistency of the new approach, and let us note once again that no such concerns have been raised regarding PM Erdogan’s harsh criticisms of Israel. In other words, the Western World may have considered the tone of Erdogan’s remarks regarding Israel a bit unwarranted, but the essence of the statements does not seem to have been subject to any objections from the western alliance. Indeed, somewhat drained by the tacit and timid approval it has given to Israel’s carte blanche policies in the region, the West may have finally

found a somewhat too outright spokesperson in PM Erdogan who is not only the best but the only such spokesperson in the region at the moment. Those who attempt to place the West's criticisms of the AKP's attitude towards Sudan in particular and to some extent regarding that towards Iran on biased moral grounds the West supposedly operates on had better look twice into the response (or lack thereof it) the same West displayed in the most recent Turkey-Israel crisis.

Turkey's open door policy towards Iran is not only prudent politically speaking from Turkey's perspective, but it also serves Iran's interests (the people of Iran in the first place) as Iran needs an intermediary, or "translator" for that purpose, desperately in her contacts with the Western World. Who is to blame for this lack of rapport between a very deeply rooted culture, the Persian one that is, and the Western World is irrelevant at this point but that the rapport has to be improved is unquestionable to all with enough savvy. Where Turkey may have stretched it a bit too much as of late could be in her overprotective attitude towards the Iranian Administration and its policies (internal and external). The AKP Government claims that passing any judgment on or even conversing with the Iranian authorities about the incidents taking place in Iran after the election on which quite a lot of doubt has been shed would be tantamount to interference in Iran's internal affairs. That is unequivocally a political statement which is fully reminiscent of the obsolete political rhetoric that the AKP should try to get rid of; affairs are no more fully internal if you voluntarily subscribe yourself in the league of "worldly nations".

We look at the EU and the US for tacit or explicit approval of policies pursued by Turkish authorities not because we love being captive to or target their pampering. We seek that approval simply because aligning Turkey with the standards and the practices of the Club which we are trying to become a member of is the operating target here and there is nothing wrong with that. When the EU Progress Report provides a number of severe criticisms regarding certain practices by the Military and the Judiciary, you might get ecstatic as a member of the Government as that is explicit approval of the reform process that the Government has been trying to give some push to. Thus, outright rejection of the concerns of the EU and the US regarding Al Bashir's visit does not fit well with the euphoria an AKP supporter might have felt in reading the assessments in the Progress Report. Indeed, it makes your club membership questionable as there is at least the impression that value judgments on the two sides may be severely at odds with each other. PM Erdogan's claim that there was no massacre in Darfor because there was no such observation on their part when they had visited Sudan is a bit unfortunate as a prime minister should not be in charge of that diagnostic and in full defiance of the International Criminal Court's assessments. Defiance of or suspicions about those assessments would have to be substantiated by arguments and evidence to the contrary. In the absence of those, the judgment passed will inevitably be interpreted as impartial and biased, and PM Erdogan's statement that no one belonging to the civilization of Islam is capable of committing massacre only adds to that perception of impartiality as history has taught us many times that there is no monopoly on power abuse or exemption from the exercise of power in most violent ways.

As we argued in our last Weekly, the axes seem to be shifting, the infamous "axis of evil" as defined by the previous US Administration is a dubious concept today to say the least, and Turkey's

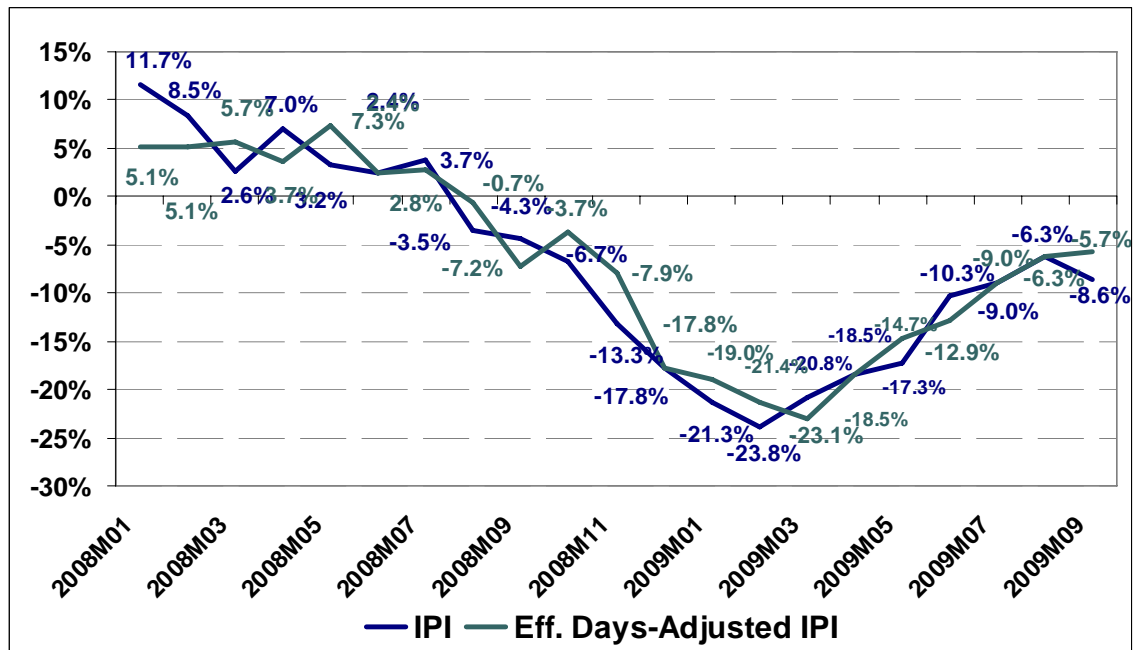
shift along with the shifting axes is indeed the proper response to the changing setting. Provided that it is not overdone and is conducted in tandem with the norms and practices of the world we subscribe in, of course. This is by no means to assert that blind application or unquestioned obedience is to be taken for granted; not necessarily. The definition of democracy is not static; it is indeed a fairly evasive concept that has to be defined almost on a daily basis but in a way to enhance its liberating components and not in a way to reduce them. The West may have come a long way in defining the concept following centuries of battles on the fields and in minds, but that does not exclude non-Western entities' prospective contributions to the notion. Indeed, one may even assert that the genuine leaps in the definition will indeed come from those who have been adopting the concept more recently rather than from the assumed "founding fathers" as their enthusiasm should exceed that of the long-time privileged.

**Regarding domestic politics, the hearing in the National Assembly tomorrow that addresses the democratic (read Kurdish) initiative is the hot issue of the week.** PM Erdogan will take the stage on Thursday and will probably make some clear and bold statements about the much doubted contents of the initiative. "Void of any content" was the motto of the opposition and still is, but the Government presumably chose to deflate the bubble somewhat before moving on to discuss the actual content of the package and that we believe will mostly take place on the 12<sup>th</sup>. The celebration on the Iraq border when 26 refugees and 8 PKK members crossed the border and entered Turkey created havoc as Turkey followers would remember and the Government opted to wait out for the dust to settle somewhat and adopted a more cautious stance for strategic purposes at least if not for any additional reason. The second sortie should be taking place on Thursday and we will probably see not so different reactions from the opposition once again ranging from accusations of imprudence to treachery and treason. How the AKP handles the process and how operative the DTP will be in managing the tensions on the Kurdish side will be instrumental in setting the future course of the initiative. That the process is irreversible seems to be understood by all parties and everyone is trying to save face as much as possible and gather a bargaining hand as strong as possible in the new allocation of rights, responsibilities, and ultimately power.

## 1.2 Macro Data

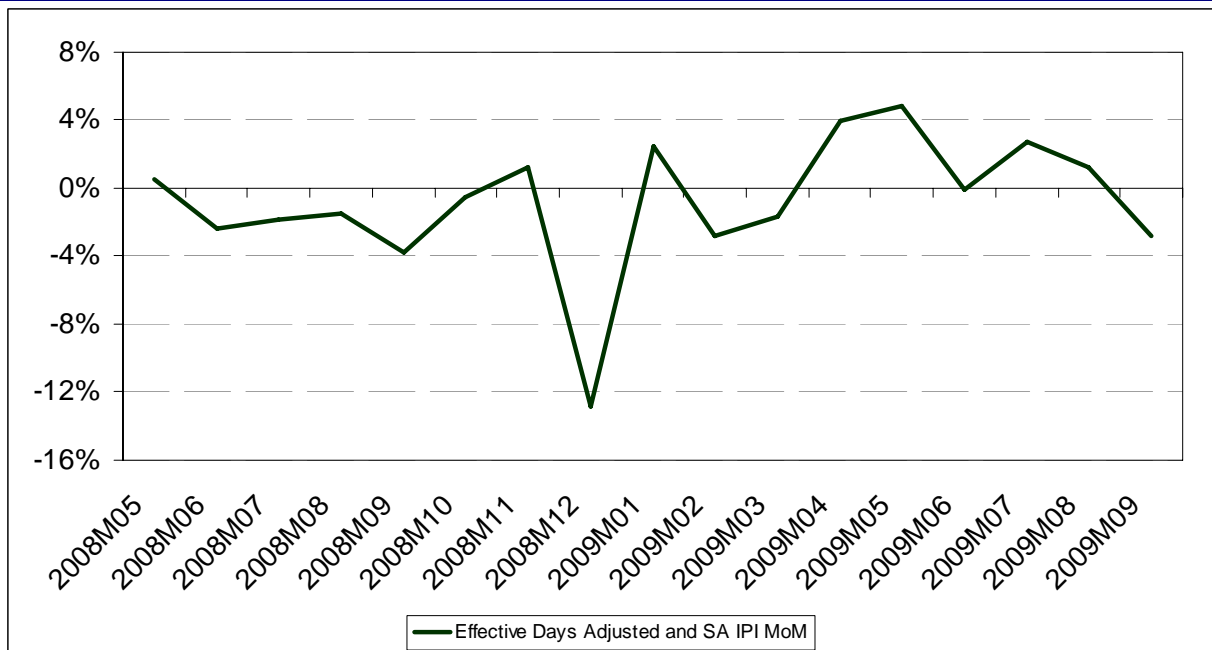
Industrial production registered a higher than expected YoY contraction of 8.6% in September, lower than our expectation of 11.0%. YoY effective days-adjusted figure of 5.7% is the lowest figure since the beginning of the crisis, but as we argued many times in previous publications, YoY figures do not make mean much in diagnosing trend formation and could indeed be quite misleading. Indeed, such is the situation for the month of September as the **MoM growth figure filtered both for seasonality and effective days yields a significantly negative 2.8% following two consecutive months of positive growth in July and August at 2.7% and 1.2%, respectively.** Recovery pace does not seem to be picking up, and one should note that for monetary policy outlook purposes as well as we argue later.

Figure 1. Industrial Production YoY Growth



Source: Turkstat, YK Economic Research

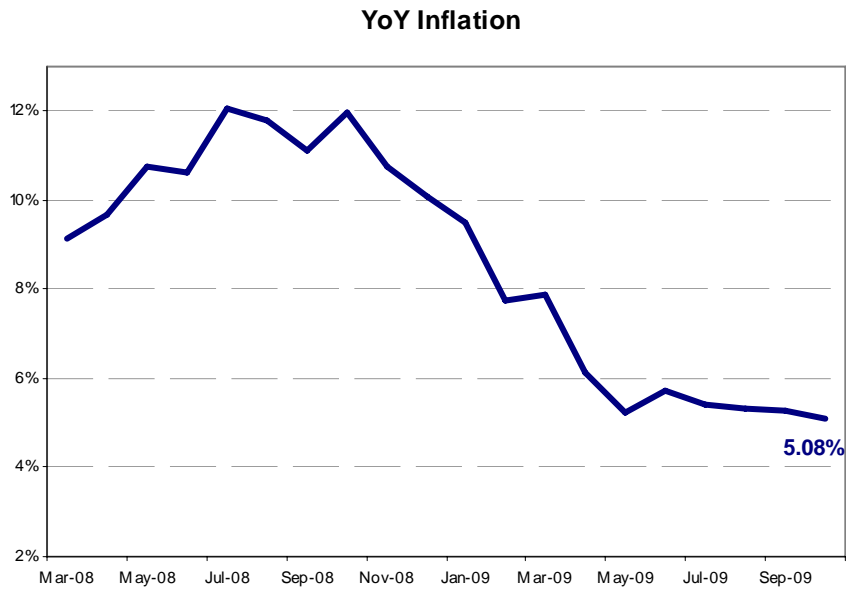
Figure 2. Industrial Production-Effective Days &amp; Seasonally Adjusted Series MoM Growth



Source: Turkstat, YK Economic Research

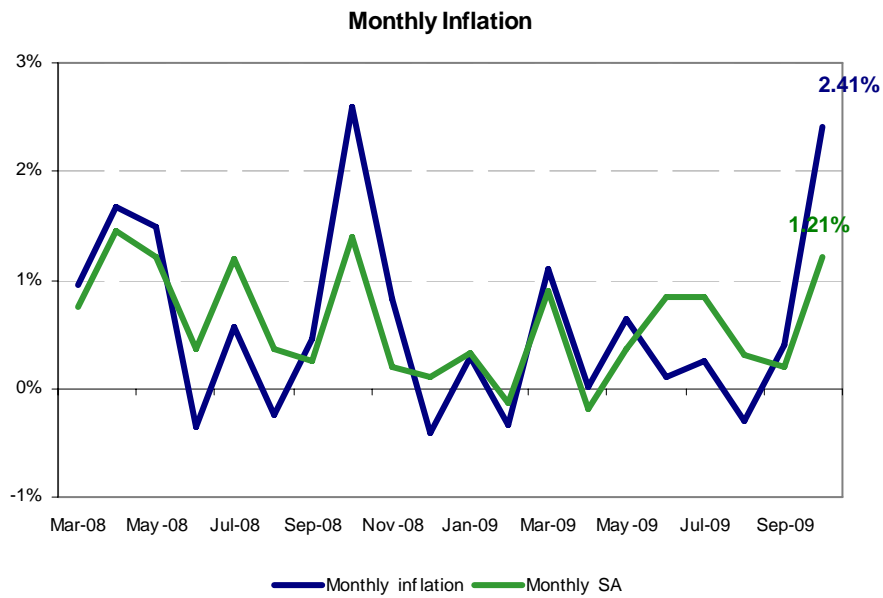
**October CPI Inflation at 2.41% took even the most pessimistic ones by surprise including us.** Our model had forecasted 2.16% and we had looked for ways to counter that through intuition but to no avail. The figure carried the YoY inflation to 5.08 % thanks to last year's October figure of 2.6%, and secular disinflation prospects look intact yet threats are imminent from the administered prices front.

Figure 1.YoY Inflation



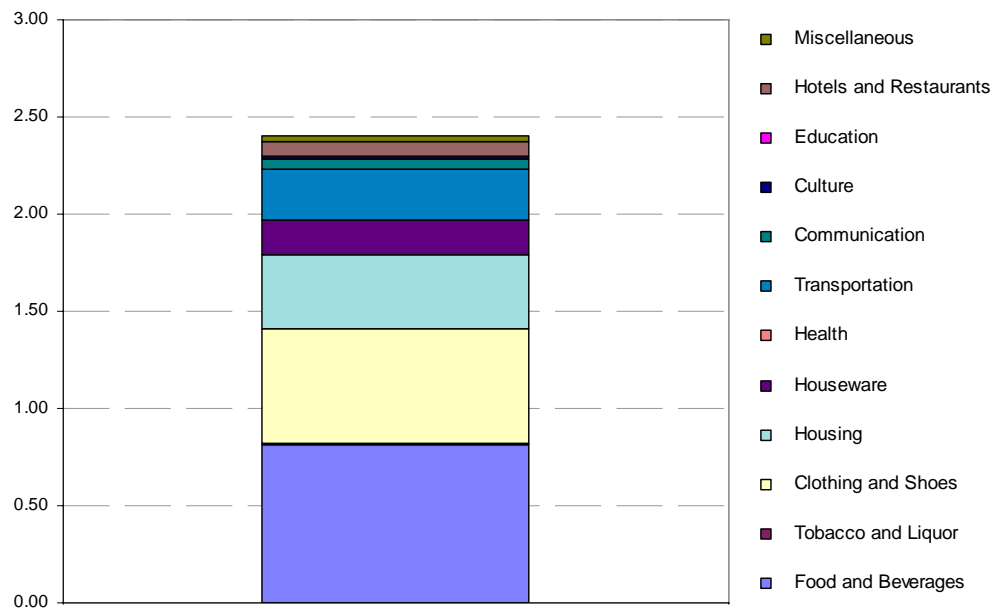
Source: TURKSTAT, Yapı Kredi Economic Research

Figure 2.MoM Inflation



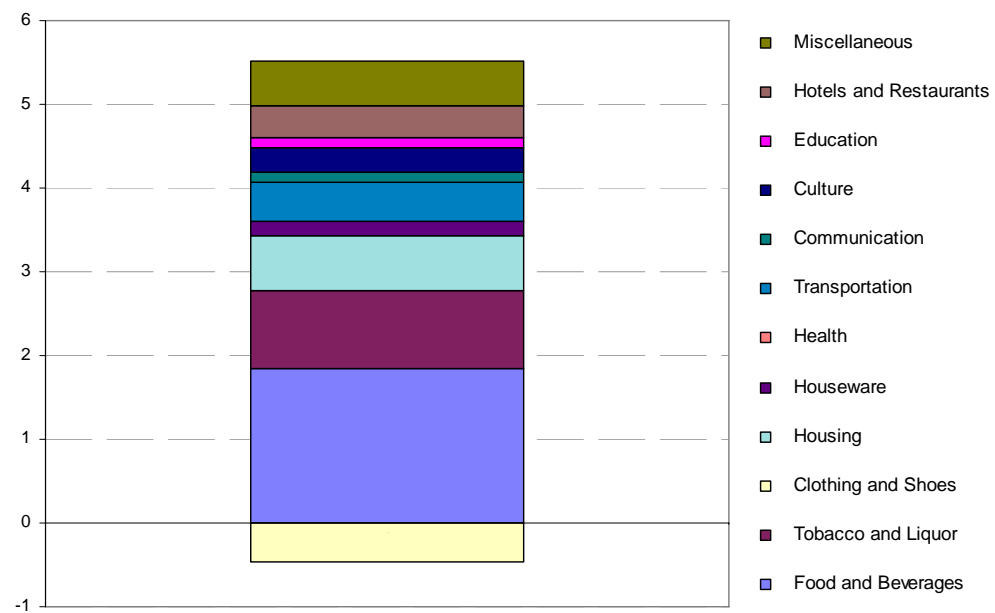
Source: TURKSTAT, Yapı Kredi Economic Research

**Figure 4. Contributions to Monthly Inflation**



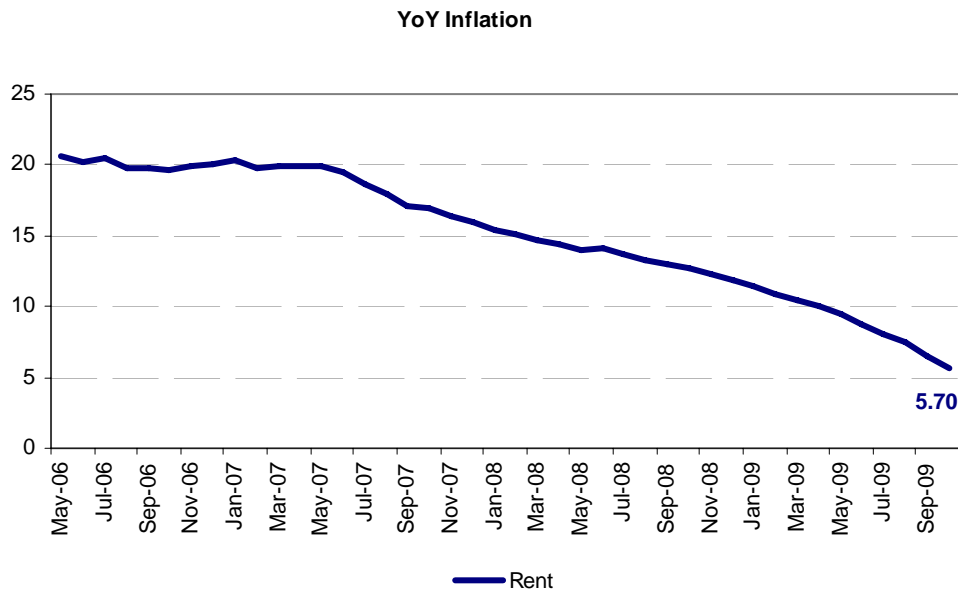
Source: TURKSTAT, Yapı Kredi Economic Research

**Figure 5. Contributions to YoY Inflation**



Source: TURKSTAT, Yapı Kredi Economic Research

Figure 7. Rent Inflation



Source: TURKSTAT, Yapı Kredi Economic Research

A brief summary of the inflation levels on a monthly and annual basis for the twelve main categories and their respective contributions to the most recent monthly figure are provided in the table below.

	MoM Growth	MoM Cont' (pp)	YoY Growt	YoY Cont' (pp)
Food, Beverages	3.0%	0.81	5.8%	1.85
Tobacco and Liquor	0.1%	0.01	20.9%	0.93
Clothing and Shoes	8.4%	0.59	0.3%	-0.46
Housing	2.1%	0.38	2.7%	0.64
Houseware	2.5%	0.18	0.3%	0.18
Health	0.1%	0.00	2.6%	0.00
Transportation	2.1%	0.26	2.7%	0.47
Communication	1.2%	0.05	3.1%	0.12
Entertainment and Culture	0.8%	0.02	12.3%	0.29
Education	0.2%	0.00	5.5%	0.12
Restaurant, Cafe and Hotels	1.2%	0.07	7.5%	0.38
Miscellaneous	0.9%	0.03	12.9%	0.53

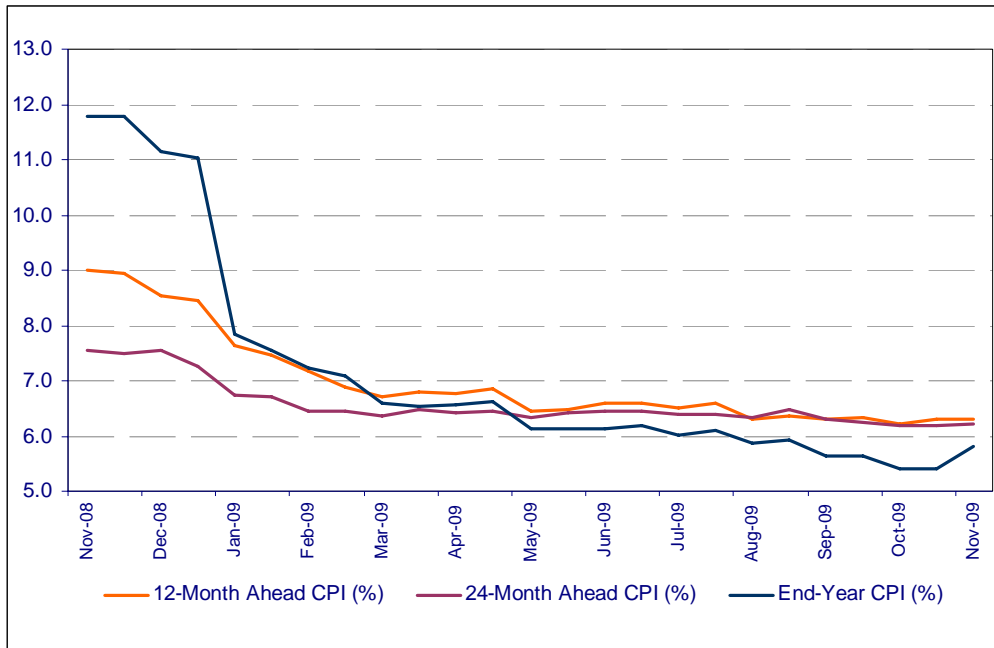
Note that the major contributing categories in food and non-alcoholic beverages and clothing and shoes have very low YoY inflation levels and such high contributions are unlikely to be repeated going forward barring adverse weather linked surprises in food. Rent inflation is continuing its free fall and that is very promising for the future prospects for inflation. Special CPI indices were relatively tamed as well as half of the eight categories displayed YoY increases while the remaining four continued their disinflation trends. All special indices are represented graphically at the end of the text for the interested reader.



**The CBRT had warned about the high inflation prospect in October many times in their reports and communiqués and the resulting outcome should have no impact on their policy rate decision coming next week.** We anticipate two cuts of 25 bps each in the remainder of the year and another one in January 2010 of the same magnitude. November IP figure will be quite instrumental in the decision to be made in February and our base case scenario is thus that the figure will not be so rosy as to lead the MPC to a pause decision.

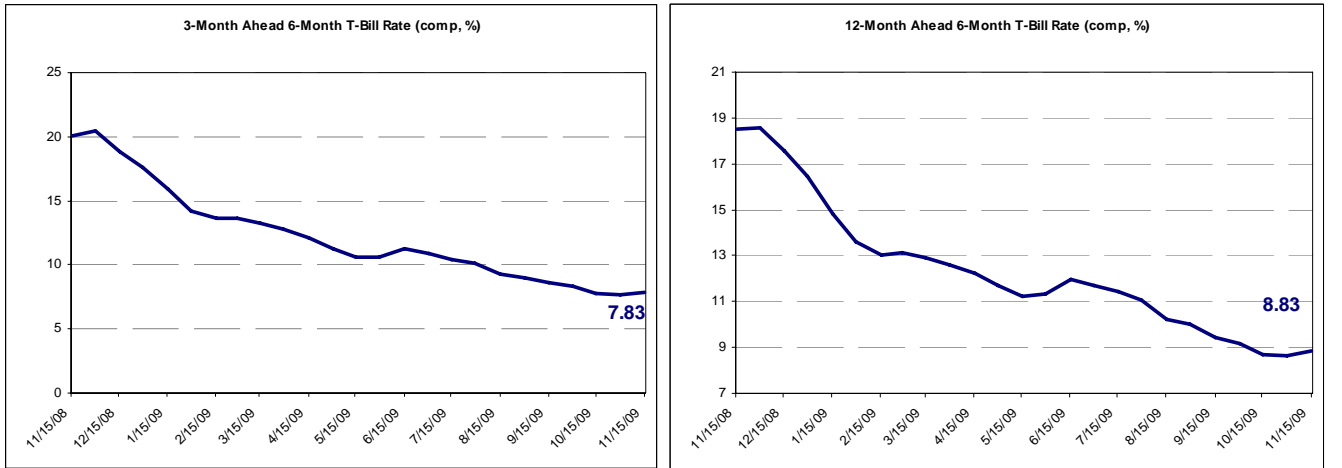
The first expectations survey of the month conducted by the CBRT was released this afternoon. Inflation expectations for all time horizons edged up somewhat with similar impact on all bond tenders in the survey and the following graphs clearly depict the situation. What is noteworthy is that respondents expect rate cut this month to be followed by cuts of at least one more in the next three months as the “End of The Next 3 Month's O/N Rate (simp, %)” stands at 6.4%, below the end of this month expected figure of 6.5%. Yet bond rates are expected to be up for all tenders implicating that market rates will not respond to rate cuts and that rate policy will have to accommodate the rise in market rates. 12-month ahead O/N rate expected also edged somewhat and stands at 7.75%, indicating an at least 125 bps increase in policy rates despite the Bank’s announced intention to keep rates on hold following the end of the rate cut cycle. It is difficult to manage both inflation and interest rate expectations under the premise that the market is quite adamant to the Bank’s explicitly announced intentions regarding the course of policy rates.

**Figure 6. Inflation Expectations**



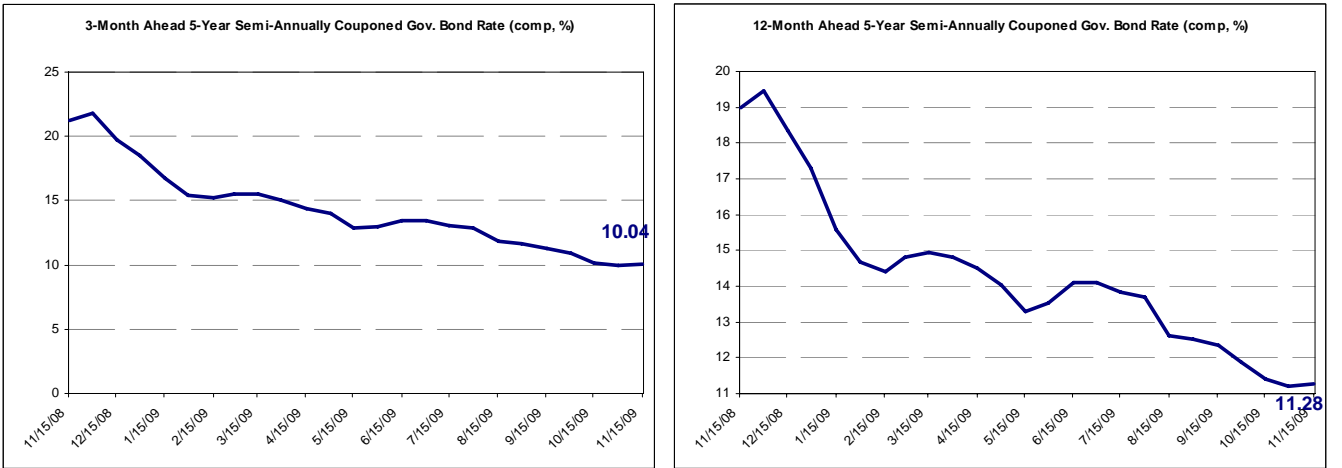
Source: Expectations Survey, Central Bank of Turkey

Figure 7. Interest Rate Expectations



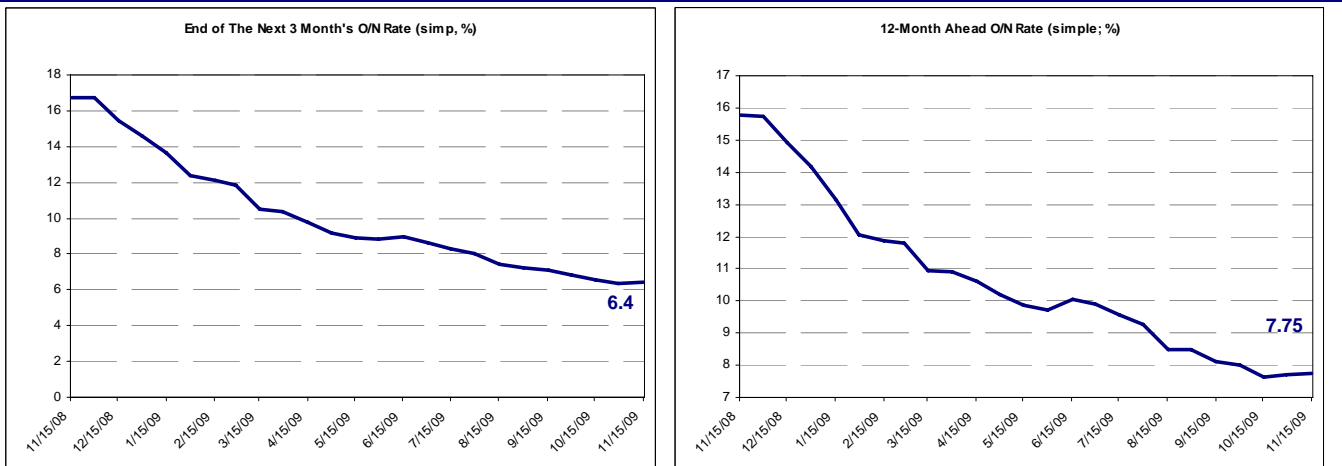
Source: Expectations Survey, Central Bank of Turkey

Figure 8. Interest Rate Expectations



Source: Expectations Survey, Central Bank of Turkey

Figure 9. O/N Expectations



Source: Expectations Survey, Central Bank of Turkey

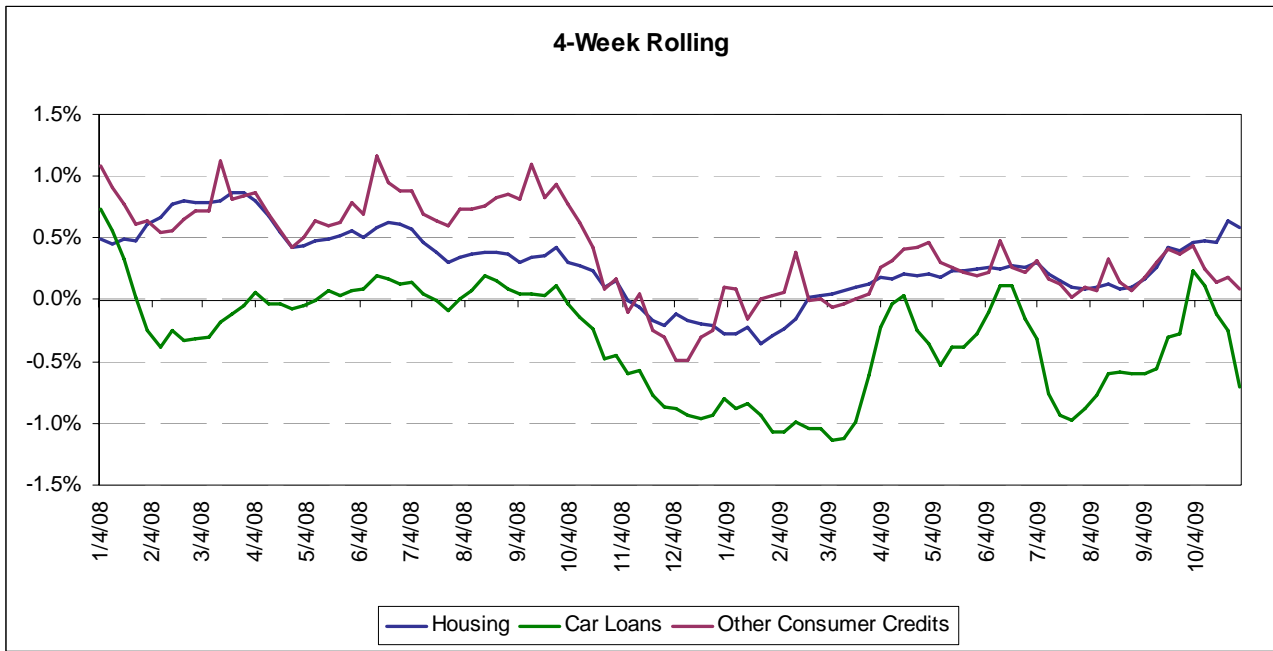
**Despite the fact that disinflation remains fairly intact under the reigning contraction setting, difficulties to emerge when recovery begins is a given. Add to that the pressure that will be coming from energy and administered goods prices and the challenge becomes even more Herculean.** Tax hikes and energy price adjustments will most presumably take place before the end of the year for two plausible reasons:

- i) the impact will be on this year's inflation which is bound to be below the targeted level while tax incidence will be lower due to economic slowdown and higher demand elasticity stemming from that thus limiting inflationary impact to a certain extent
- ii) Revenue accumulation from taxes will be pulled forward and 2010 tax revenues will thus be maximized (elasticity considerations could play a trick here especially if contraction is prolonged and revenue estimates may end up being a bit overblown).

### **1.3 Weekly Data** (all weekly data terminate at October 23, 2009 while consumer credits are one extra week updated)

An absolutely uninteresting week with respect to credit markets as housing loans seem to stand out alone with hardly any move of discernible size elsewhere. Other consumer credit categories and commercial credits as well all display downward trends and precursors of the 12 to 15% growth in credits in 2010 are still not in sight.

Figure 8. Consumer Credit Volume (\*)



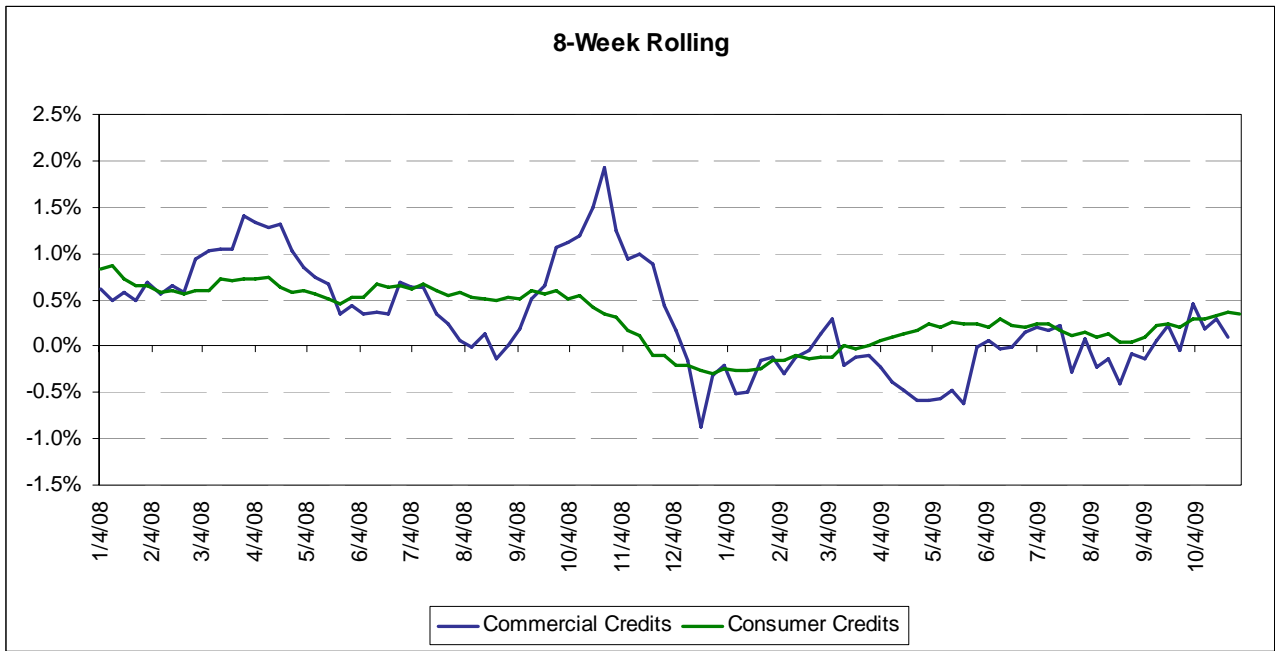
Source: Central Bank of Turkey, Yapı Kredi Economic Research  
 (\*)Weekly % change of 4W rolling

Figure 9. Consumer Credit Volume (\*)



Source: Central Bank of Turkey, Yapı Kredi Economic Research  
 (\*)Weekly % change of 8W rolling

Figure 10. Commercial & Consumer Credit Volume (\*)



Source: Central Bank of Turkey, Yapı Kredi Economic Research

(\*)Weekly % change of 8W rolling

## Markets

by Murat Berk / Economist and Investment Strategist

Last week, in this space we said “Given the massive rally, compared to March (when we turned bullish on global markets), our expected returns now were lower and subject to more uncertainty.” and added “The big question is whether recent market moves represent a trend change. Attempting to call a reversal is still dangerous business, and until warning flags start waving much more intensely, we should continue to give this bull market the benefit of doubt, in our view.”



We continue to think it's a mistake to get too bearish until macro “tells us” otherwise. Having said that and while maintaining our optimism, we are not blind to some of the serious problems still plaguing economies and markets. To sum up, it seems as this is still a correction not the end of cyclical bull market. The latter would probably require either 1) start of policy tightening or 2) external shock.



On balance, we remain believers in the trend embedded in these markets. Economic data have been mixed, but on balance are still consistent with at least a gradual recovery. Policymakers are unlikely to back away from monetary stimulus and are prepared to provide more support if needed.

Also, price movements in other markets seem to support the view that the recent equity market weakness does not represent a trend reversal. For example, DXY came under pressure again, oil prices reached new cyclical highs and EM and corporate bond spreads widened only marginally.

The “sweet spot” for “risky assets prices” has been when the growth outlook is improving but central banks are not yet withdrawing the stimulus. Credit markets are still decent and no worse for the wear, than equities have been. For example, EM and Baa credit spreads have ticked up only modestly with equities weakness. Sentiment is sufficiently nervous enough for a Wall of Worry type advance.



We note that the FOMC stated that it will exit its accommodative policy only after a meaningful increase in the rate of "resource utilization". The U.S. unemployment rate of 10.2% is likely to reinforce that outlook.

Meanwhile, the G20's pledge to support global growth by keeping stimulus measures in place. (As a tangent, IMF's latest piece titled "Global Economic Prospects and Principles for Policy Exit" represents a good read, in our view).



We also note that the fact that the Baltic Dry Index has been on the rise again and that gold has topped USD1,100 per oz.



Also, it is worth mentioning the performance of Chinese property stocks in recent days. We note this because these were among the first "risk asset market" to roll over, before the recent correction.



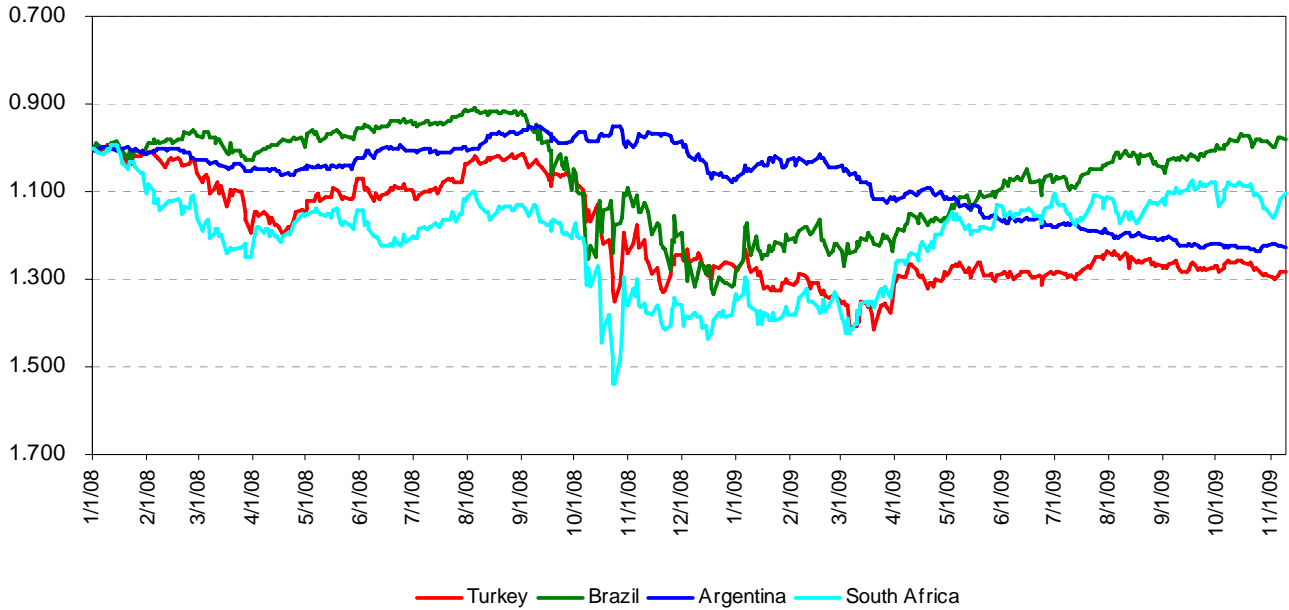


Last but not least, the “normal” expectation would be for this cyclical bull market in risk assets to see some further consolidation for some time but as said earlier, there is the possibility (not certainty) that those waiting for a pullback capitulate and provide another boost to the beta chase.

## 1.4 Appendix

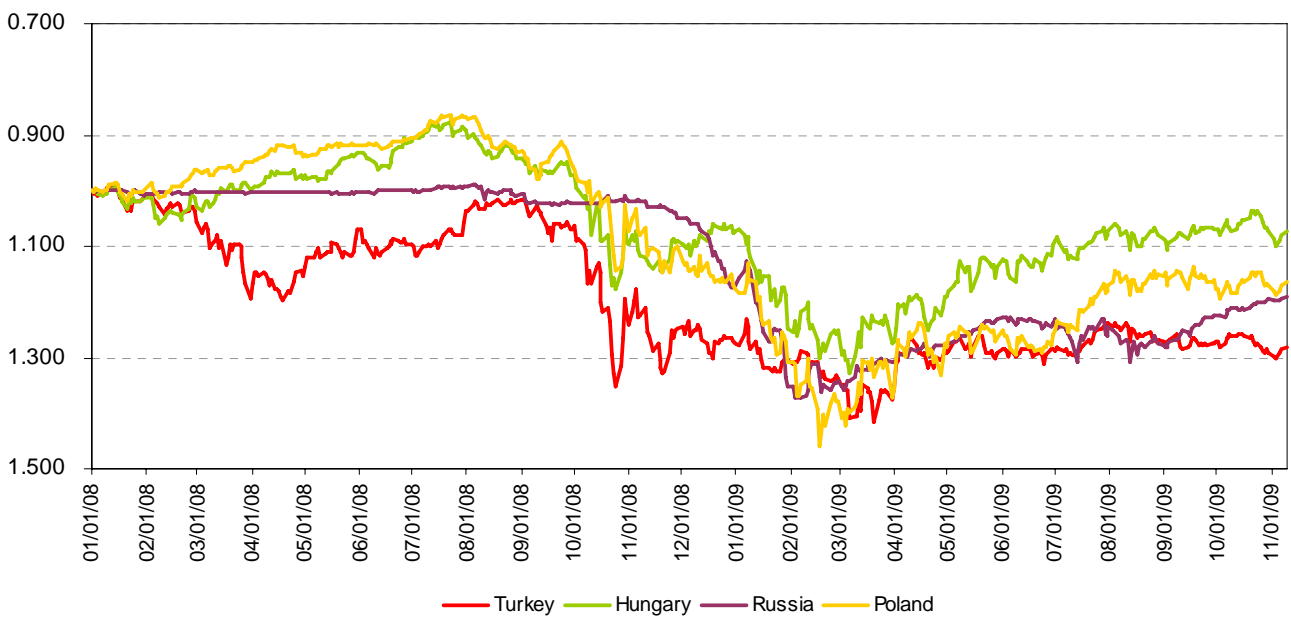
### Currency Performances

Figure 13. Turkey, South Africa, Latin America 1/Jan/2008=1.00 (\*)



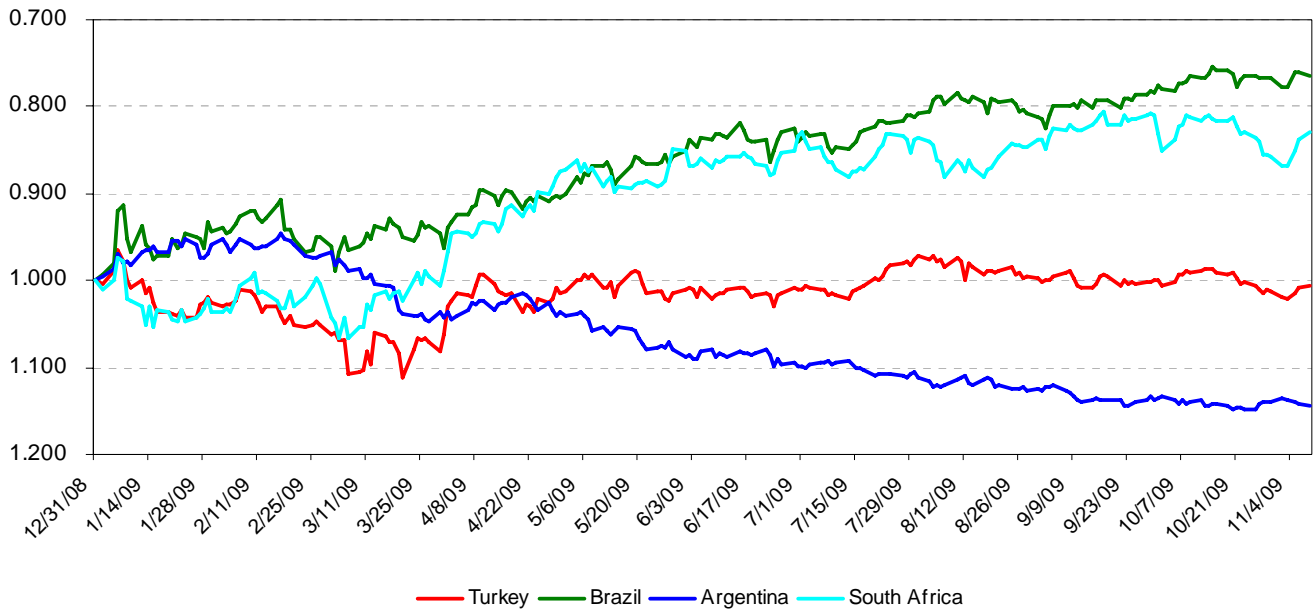
Source: Reuters, Yapı Kredi Economic Research

Figure 14. Turkey, Eastern Europe 1/Jan/2008=1.00 (\*)



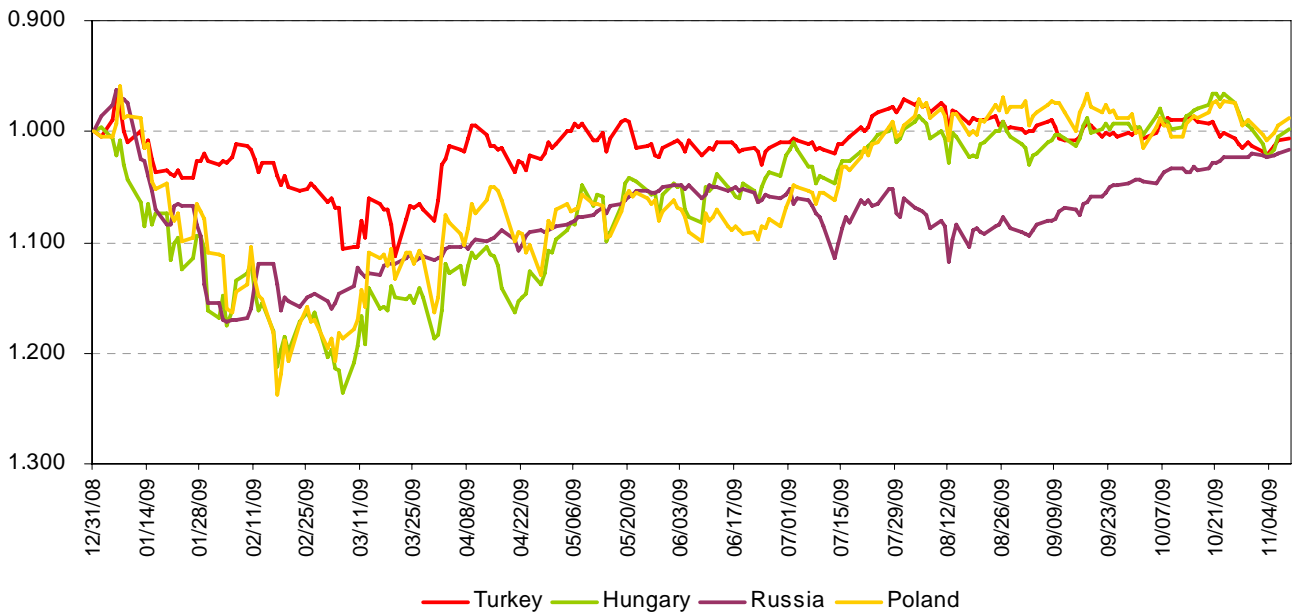
Source: Reuters, Yapı Kredi Economic Research

Figure 15. Turkey, South Africa, Latin America 1/Jan/2009=1.00 (\*)



Source: Reuters, Yapı Kredi Economic Research

Figure 16. Turkey, Eastern Europe 1/Jan/2009=1.00 (\*)

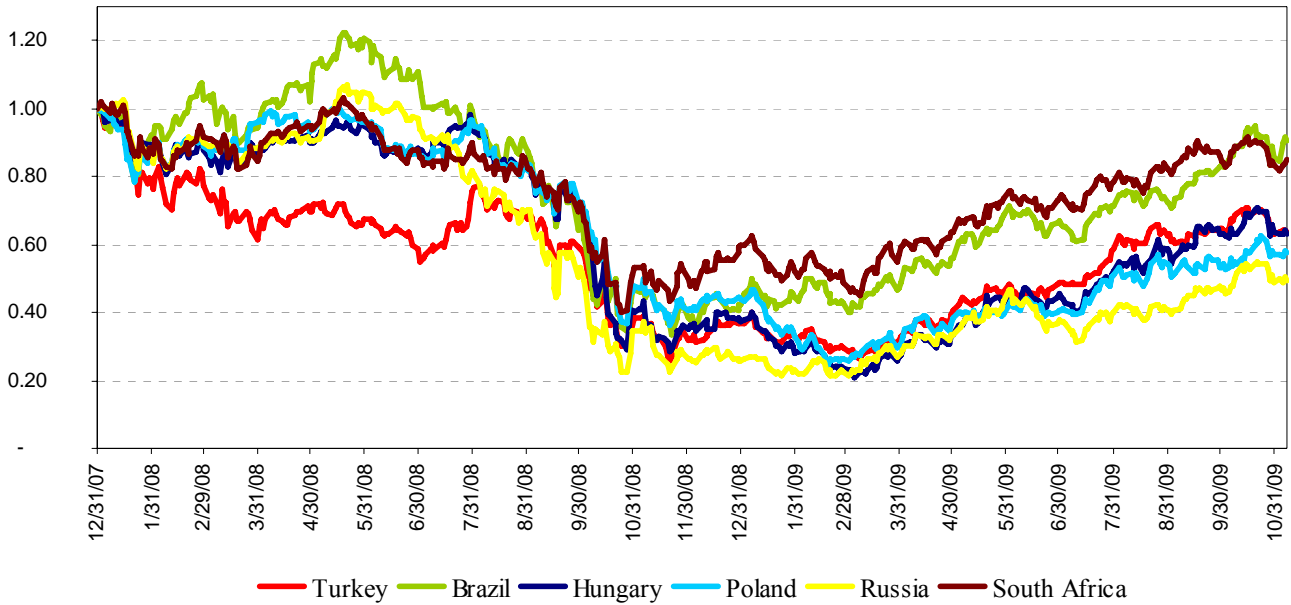


Source: Reuters, Yapı Kredi Economic Research

(\*) Currency performances are calculated against a basket consisting of 0,5 USD+0,5 EUR to neutralize movements of the USD/EUR rate. Y axes in the graphs are inverted. Hence downward move of the curve means depreciation of the currency

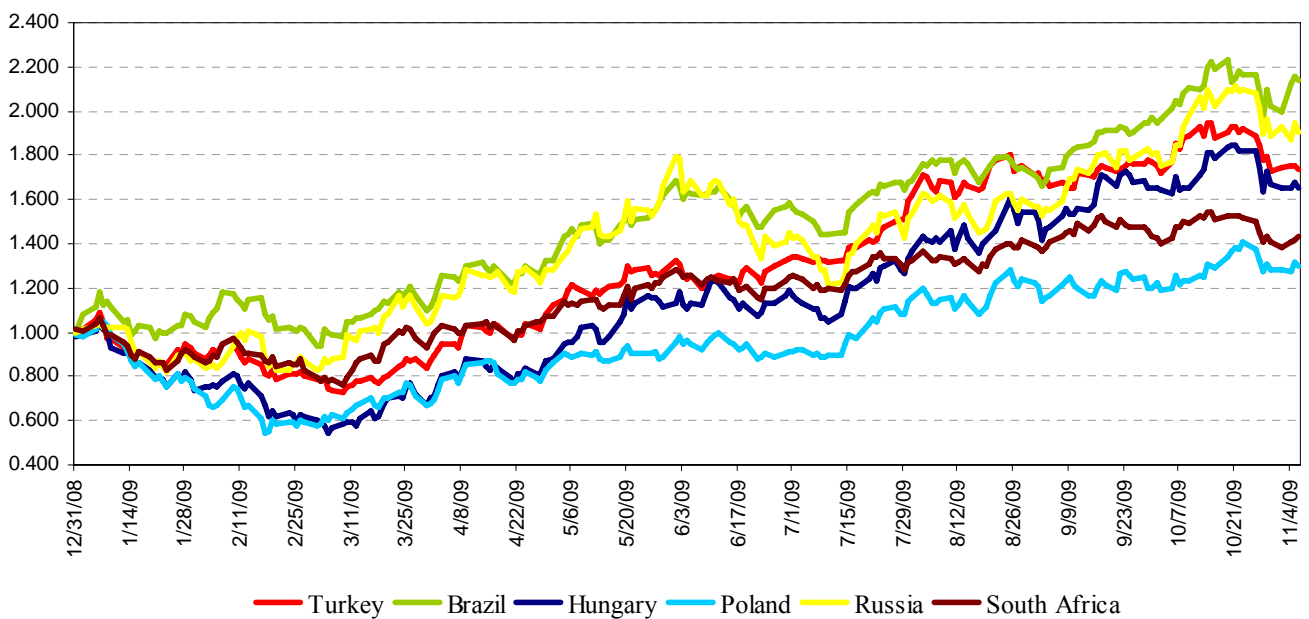
## MSCI

Figure 17. MSCI Turkey versus Other Selected Emerging Markets (12/31/2007=1.00)



Source: Reuters, Yapı Kredi Economic Research

Figure18. MSCI Turkey versus Other Selected Emerging Markets (12/31/2008=1.00)



Source: Reuters, Yapı Kredi Economic Research

## Banking Sector - Highlights of the BRSA's Weekly Data

Funding - TRY mn	2008	Aug-09	Sep-09	23-Oct-09	30-Oct-09	Change (%)			
						Chg.WoW	Chg.MoM	Chg.QoQ	Chg.YTD
						30-Oct / 23-Oct	Oct-09 / Sep-09	3Q09 / 2Q09	30-Oct-09 / Dec-08
1) Deposits	445,439	464,728	470,956	475,023	479,228	0.9%	1.8%	1.7%	7.6%
- Deposit Breakdown									
i) TL Deposits	288,433	296,977	300,350	305,636	307,153	0.5%	2.3%	0.8%	6.5%
- TL Demand Deposits	37,503	37,221	38,872	39,740	40,212	1.2%	3.4%	-2.6%	7.2%
- TL Time Deposits	250,930	259,756	261,478	265,896	266,941	0.4%	2.1%	1.4%	6.4%
ii) FX Deposits (US\$ mn)	104,873	112,585	115,204	116,257	116,063	-0.2%	0.7%	7.0%	10.7%
- FX Demand Deposits (US\$ mn)	15,835	19,361	19,905	20,211	19,818	-1.9%	-0.4%	10.6%	25.2%
- FX Time Deposits (US\$ mn)	89,038	93,223	95,299	96,046	96,245	0.2%	1.0%	6.3%	8.1%
2) Funds from Domestic Banks	3,987	4,838	4,344	3,964	3,971	0.2%	-8.6%	-15.4%	-0.4%
3) Funds from Foreign Banks	78,153	70,965	70,493	70,071	70,997	1.3%	0.7%	-4.1%	-9.2%
4) Shareholders Equity	85,816	100,939	101,693	103,440	104,480	1.0%	2.7%	4.9%	21.7%
<b>Total Liab. and Shrs. Equity*</b>	<b>706,949</b>	<b>739,546</b>	<b>766,587</b>	<b>750,373</b>	<b>757,477</b>	<b>0.9%</b>	<b>-1.2%</b>	<b>3.8%</b>	<b>7.1%</b>
<i>*Weekly "Total Liab. and Shrs. Equity" figures are Strategic Planning and Research estimates</i>									
Placements - TRY mn	2008	Aug-09	Sep-09	23-Oct-09	30-Oct-09	Change (%)			
						Chg.WoW	Chg.MoM	Chg.QoQ	Chg.YTD
						30-Oct / 23-Oct	Oct-09 / Sep-09	3Q09 / 2Q09	30-Oct-09 / Dec-08
1) Liquid Assets	41,830	38,821	38,740	36,532	39,378	7.8%	1.6%	-2.4%	-5.9%
2) Due from Banks	30,458	37,700	36,088	33,323	33,743	1.3%	-6.5%	-2.6%	10.8%
3) Loans	353,120	348,933	350,991	352,561	358,951	1.8%	2.3%	-0.5%	1.7%
- Loan Breakdown									
TL Loans	247,671	249,750	251,131	252,881	255,751	1.1%	1.8%	-0.3%	3.3%
FX Loans (US\$ mn)	70,436	66,566	67,432	68,415	69,607	1.7%	3.2%	2.4%	-1.2%
4) Non-Performing Loans (Net)	2,366	3,567	3,562	3,684	3,699	0.4%	3.8%	10.1%	56.3%
5) Securities Portfolio	192,812	234,946	237,313	248,276	250,455	0.9%	5.5%	7.6%	29.9%
- TL Securities	144,876	186,154	189,075	200,564	201,404	0.4%	6.5%	10.0%	39.0%
- FX Securities (US\$ mn)	32,019	32,746	32,573	32,747	33,084	1.0%	1.6%	2.7%	3.3%
6) Other Assets	86,363	75,579	99,893	75,997	71,251	-6.2%	-28.7%	17.2%	-17.5%
<b>Total Assets*</b>	<b>706,949</b>	<b>739,546</b>	<b>766,587</b>	<b>750,373</b>	<b>757,477</b>	<b>0.9%</b>	<b>-1.2%</b>	<b>3.8%</b>	<b>7.1%</b>
<i>*Weekly "Total Assets" figures are Strategic Planning and Research estimates</i>									
Other Indicators - TRY mn	2008	Aug-09	Sep-09	23-Oct-09	30-Oct-09	Change (%)			
						Chg.WoW	Chg.MoM	Chg.QoQ	Chg.YTD
						30-Oct / 23-Oct	Oct-09 / Sep-09	3Q09 / 2Q09	30-Oct-09 / Dec-08
FX Pos. - Balance Sht. -(US\$ mn)	-4,153	-10,079	-11,855	-13,595	-12,435	-8.5%	4.9%	42.0%	199.4%
Foreign Exchange Net General Position (US\$ mn)	-82	915	398	382	-527	-238.2%	-232.4%	9.5%	542.0%
Securities Held Under Custody (Nominal)	101,399	102,287	100,879	98,376	97,858	-0.5%	-3.0%	-1.3%	-3.5%
- Residents (Nominal)	72,849	75,020	73,782	70,769	71,001	0.3%	-3.8%	-2.3%	-2.5%
- Non-Residents (Nominal)	28,551	27,267	27,096	27,606	26,857	-2.7%	-0.9%	1.7%	-5.9%
<b>TRY/US\$ rate - (period-end)</b>	<b>1.4971</b>	<b>1.4900</b>	<b>1.4809</b>	<b>1.4570</b>	<b>1.4826</b>	<b>1.8%</b>	<b>0.1%</b>	<b>-3.4%</b>	<b>-1.0%</b>
Ratios	2008	Aug-09	Sep-09	23-Oct-09	30-Oct-09	Change			
						Chg.WoW	Chg.MoM	Chg.QoQ	Chg.YTD
						30-Oct / 23-Oct	Oct-09 / Sep-09	3Q09 / 2Q09	30-Oct-09 / Dec-08
<b>Loan Structure</b>									
TL Loans/Total Loans	70.1%	71.6%	71.5%	71.7%	71.2%	-0.5	-0.3	0.2	1.1
Consumer Loans/Total Loans	23.1%	24.1%	24.3%	24.5%	24.2%	-0.3	-0.1	0.6	1.1
Home Loans/Consumer Loans	46.3%	46.4%	46.5%	46.9%	47.0%	0.0	0.5	0.2	0.7
Auto Loans/Consumer Loans	6.6%	5.2%	5.1%	4.9%	4.9%	0.0	-0.2	-0.5	-1.7
Personal Need Loans/Consumer Loans	47.1%	48.4%	48.5%	48.1%	48.1%	0.0	-0.3	0.3	1.0
Credit Card Loans/Total Loans	9.5%	10.0%	10.0%	9.9%	9.9%	0.0	-0.1	0.1	0.4
Commercial Installment Loans/Total Loans	10.7%	10.0%	9.9%	9.8%	9.7%	-0.1	-0.2	-0.2	-1.0
Corporate & Commercial Loans/Total Loans	56.8%	55.9%	55.9%	55.7%	56.2%	0.5	0.3	-0.5	-0.6
<b>Asset Quality</b>									
NPL Ratio	3.4%	5.1%	5.2%	5.4%	5.3%	-0.1	0.1	0.6	1.9
NPL Provision Rate	80.8%	81.0%	81.7%	81.7%	81.7%	0.0	0.0	0.6	0.8
Consumer Loan NPL Rate	2.2%	3.9%	4.0%	4.1%	4.1%	0.0	0.1	0.6	1.9
Credit Card NPL Rate	6.7%	9.7%	10.2%	10.9%	10.8%	-0.1	0.6	1.2	4.1
Commercial Installment Loans NPL Rate	4.5%	7.6%	8.2%	8.5%	8.6%	0.1	0.4	1.5	4.1
Corporate / Commercial Loans NPL Rate	3.1%	4.3%	4.3%	4.3%	4.2%	-0.1	-0.1	0.3	1.2
<b>Other Key Ratios</b>									
Off-balance Sheet Liab./Total Assets	63.9%	66.8%	72.4%	76.5%	73.9%	-2.6	1.6	7.4	10.1
FX Balan. Sheet Pos./Shrs. Equity	-7.2%	-14.9%	-17.3%	-19.1%	-17.6%	1.5	-0.4	-4.1	-10.4
Sec. Under Custody (Residents)/Sec. Under Custody (Total)	71.8%	73.3%	73.1%	71.9%	72.6%	0.6	-0.6	-0.8	0.7

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