

THE REPUBLIC OF TURKEY



RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK FOR 2007

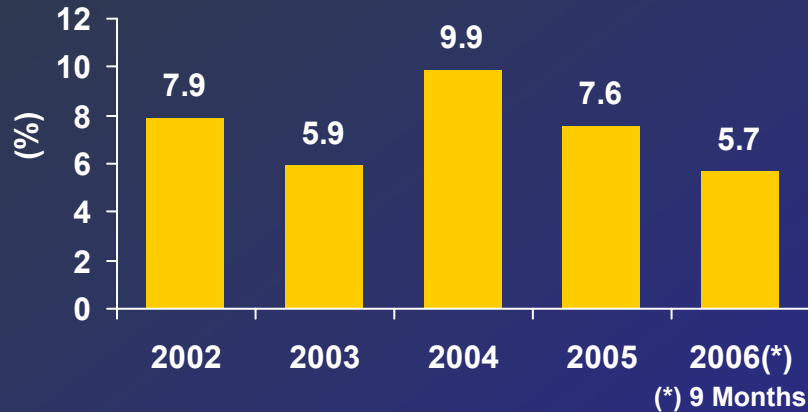
January 2007

Presentation Overview

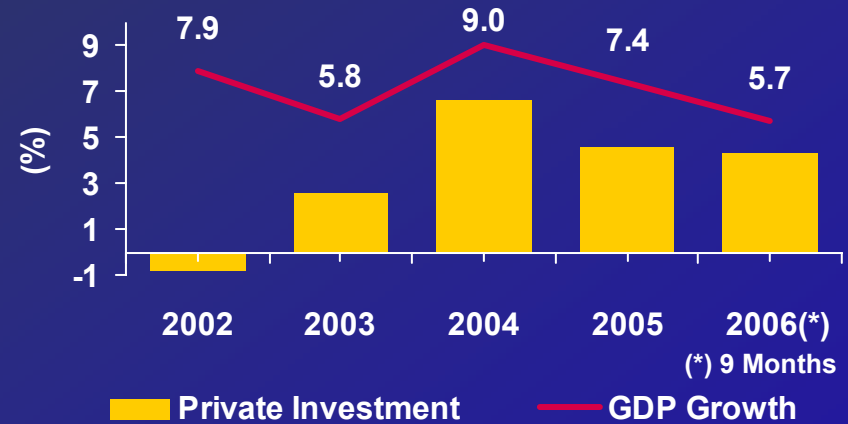
- ◆ Recent Economic Developments
- ◆ Macroeconomic Framework and Treasury's Financing Program for 2007

Growth and Productivity

GNP Growth (YoY)



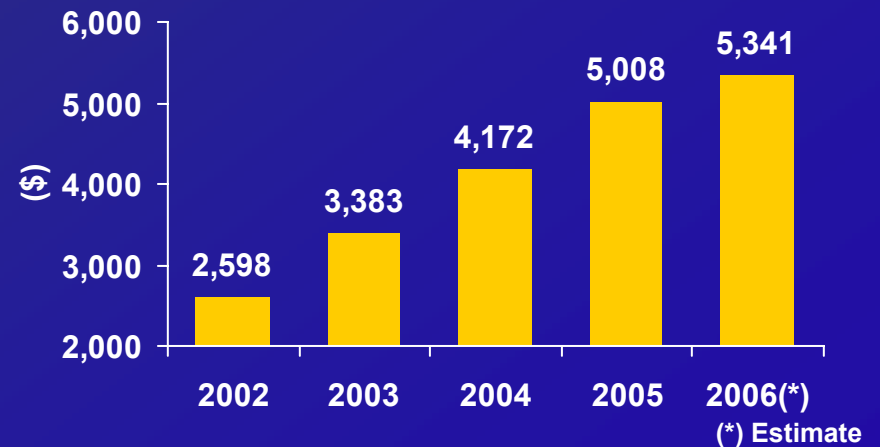
Contribution of Private Investment to Growth



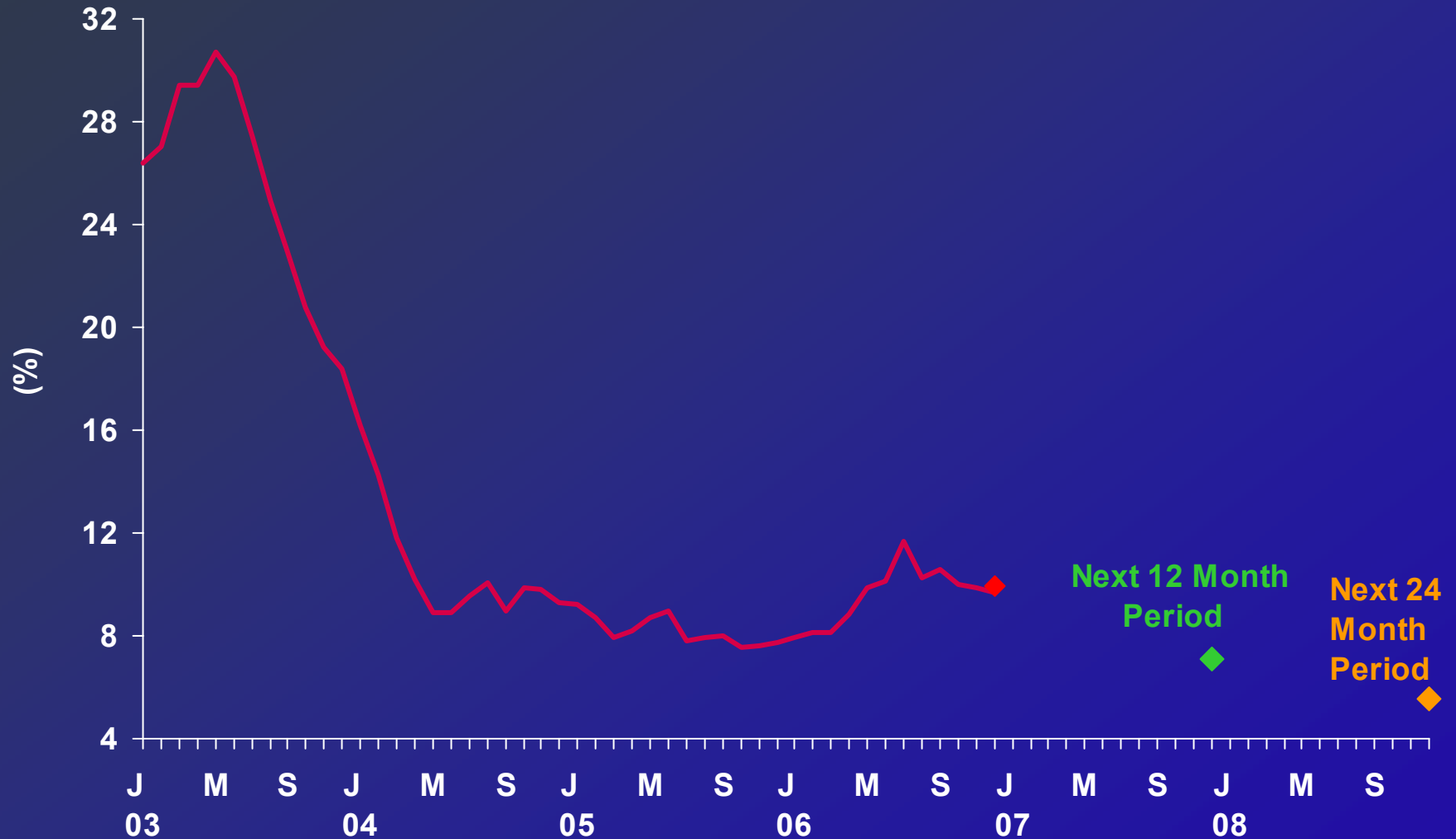
Productivity Index in Total Manufacturing Industry



GNP per Capita (\$)

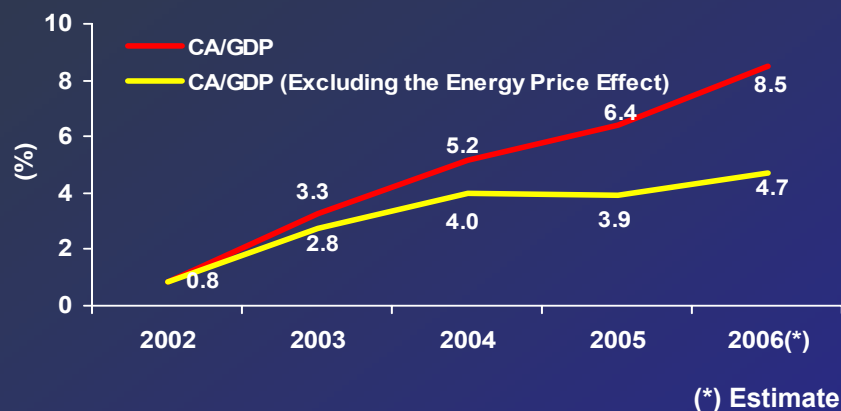


Annual Inflation and Expectations

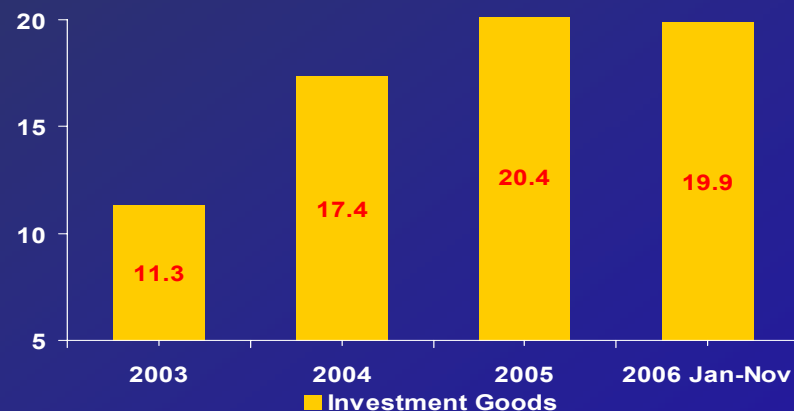


External Balance

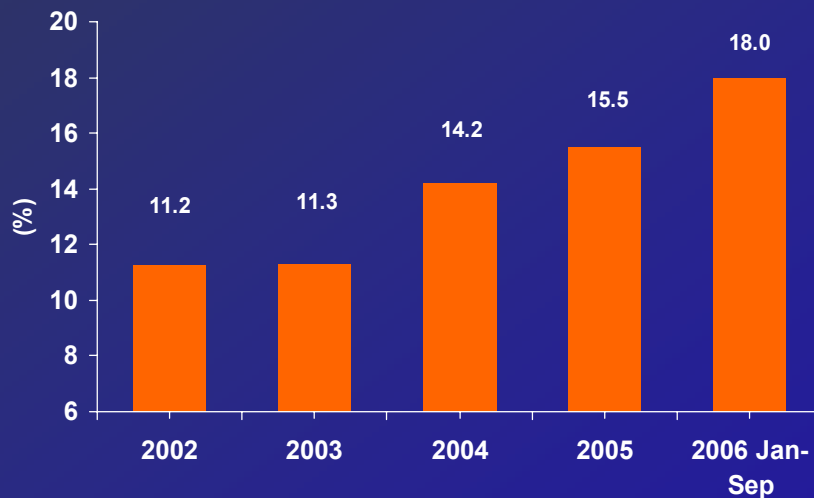
Current Account (CA) Deficit



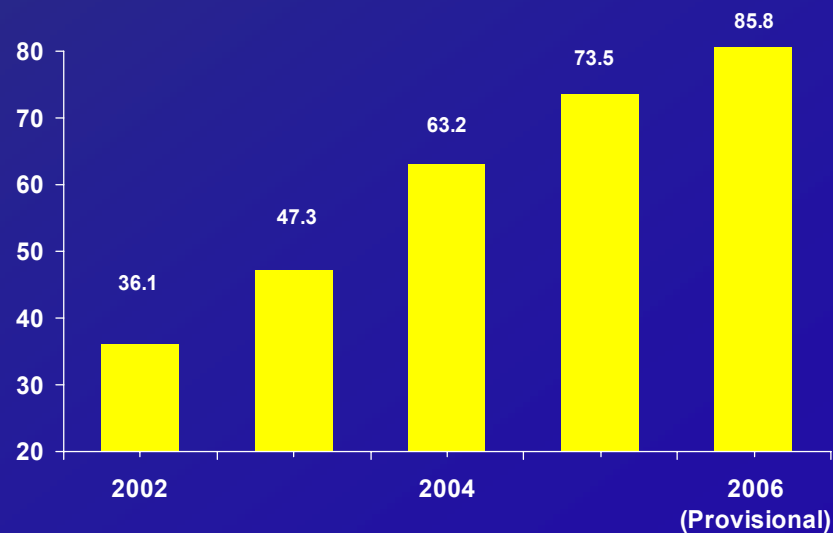
Investment Goods Imports



Private Fixed Capital Investments / GDP

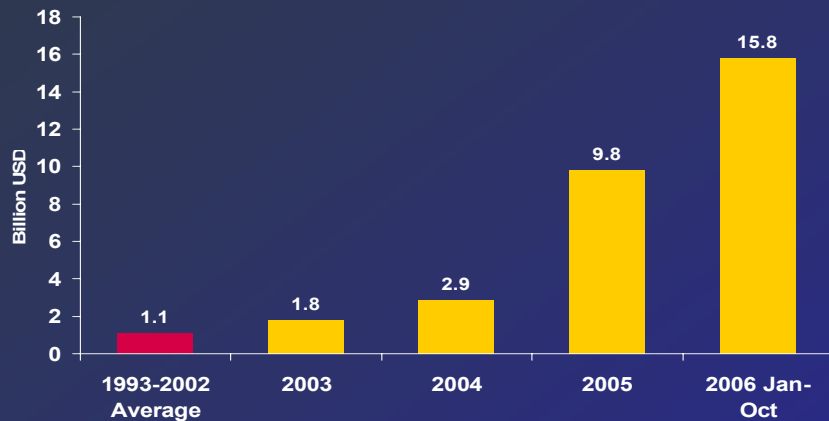


Exports

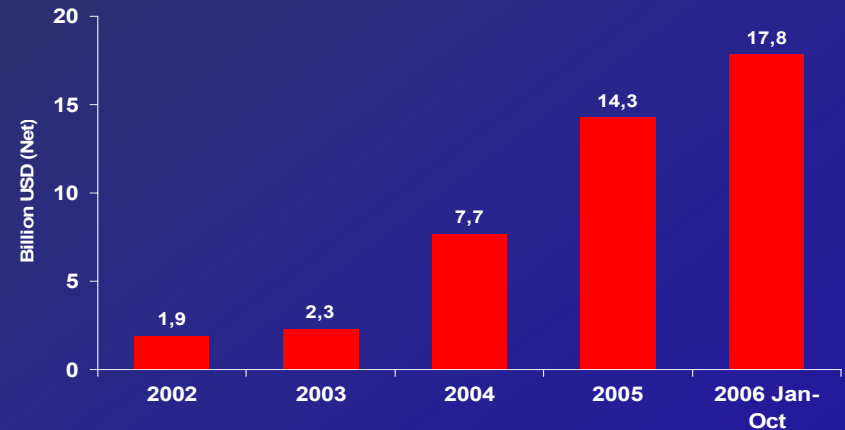


External Financing

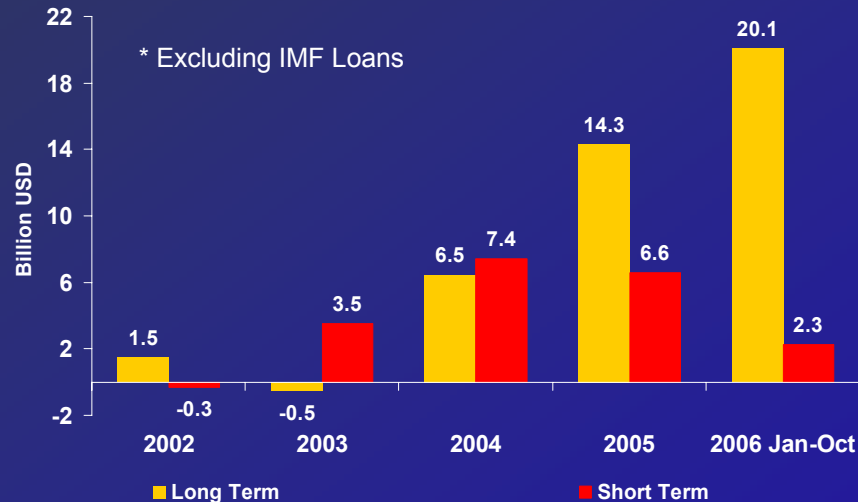
Foreign Direct Investment



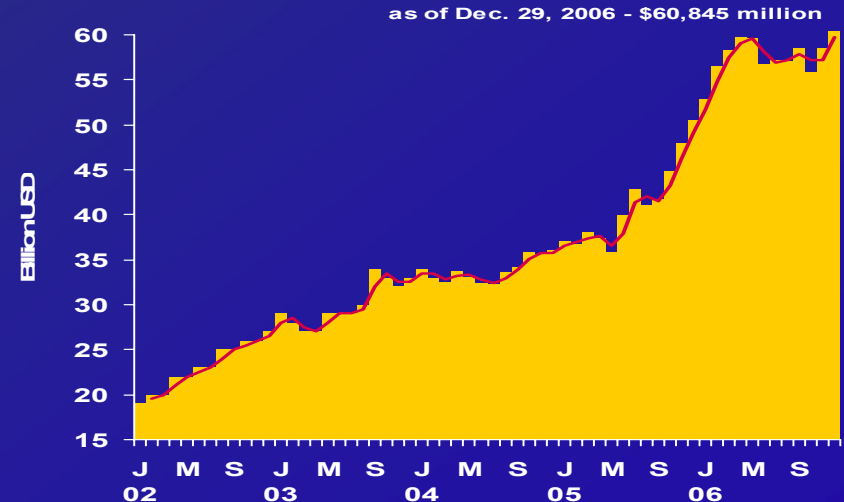
Non-Banking Private Sector's Net External Financing for Trade and Investment



Term Structure of External Credits*

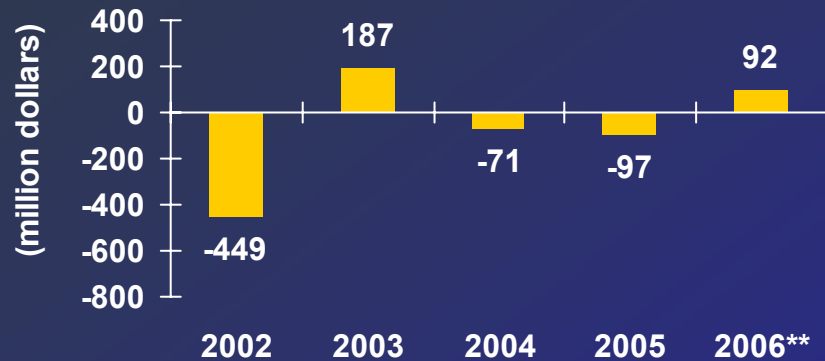


Central Bank's Gross FX Reserves

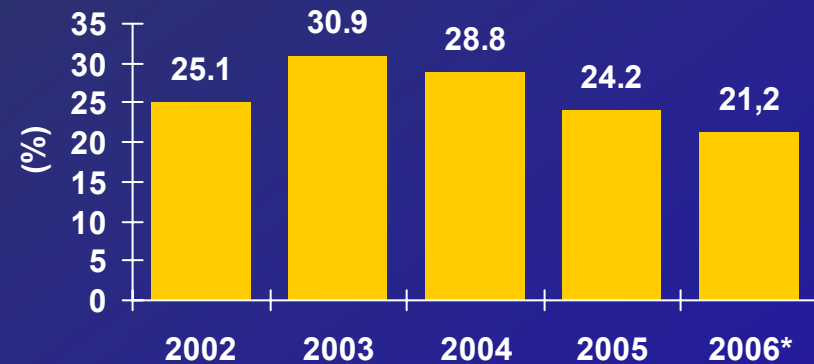


Key Indicators of the Banking Sector

Banking Sector FX Positions



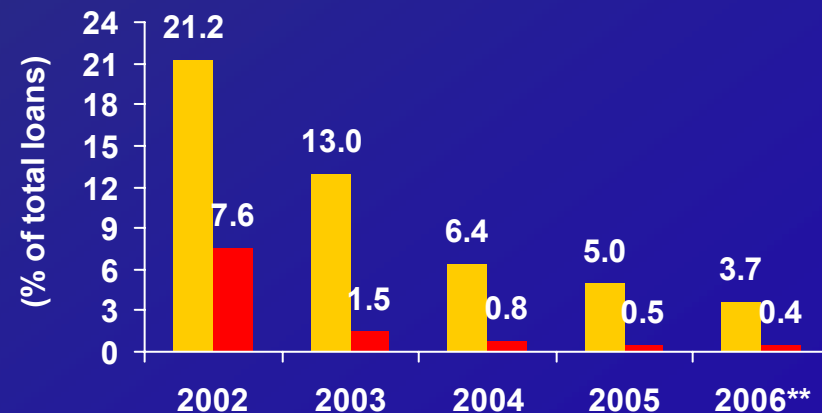
High Capital Adequacy



Rising Financial Intermediation



Improving Asset Quality



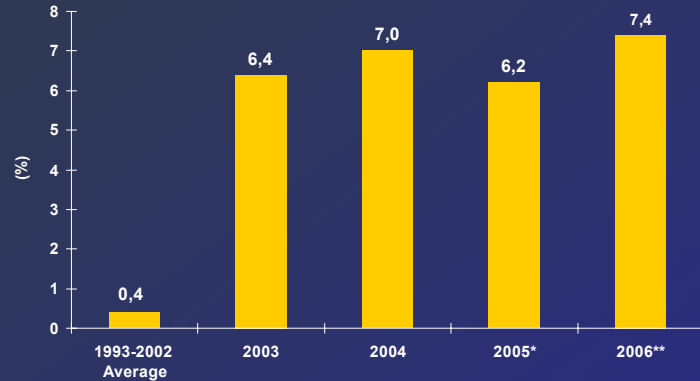
*As of October 31, 2006

**As of December 22, 2006

■ Gross NPL ■ Net NPL (gross-provisions)

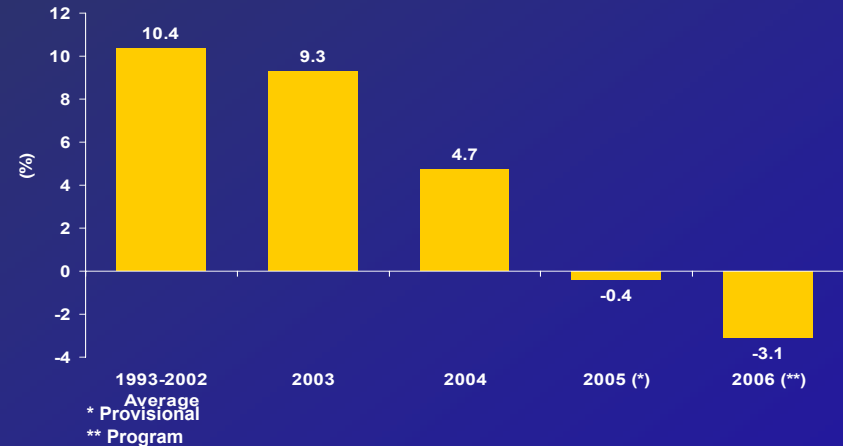
Public Finance

Public Sector Primary Surplus (% of GNP)



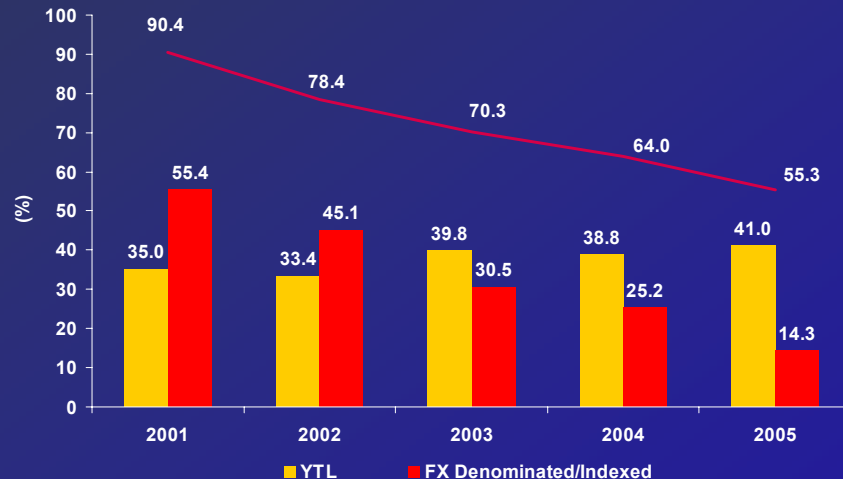
* Provisional
** Program

Public Sector Borrowing Requirement (% of GNP)



* Provisional
** Program

Public Sector Net Debt Stock (% of GNP)



Resilience to Shocks

Change in Net debt Stock/GNP Ratio (*)

10% Real Appreciation/Depreciation of YTL + / - 1.0 Points

5 Points Increase/Decrease in Real Interest of YTL Denominated Debt + / - 1.8 Points

2 Points Increase/Decrease in GNP Growth + / - 0.9 Points

1 Point Increase/Decrease in Primary Surplus + / - 1.0 Points

Macro Framework for 2007

GNP Growth (Annual average)	5%
GNP per Capita	~ \$ 5,550
Inflation (CPI – end year)	4% (+/- 2% uncertainty band)
Current Account / GNP	~ 7.5%
Primary Surplus / GNP	6.5%
Public Sector Borrowing Requirement /GNP	0.2%
Net Public Debt / GNP	~ 45.0%

Treasury's Financing Program

<i>(Billion TRY)</i>	2005 (Realization)	2006 (Provisional)	2007 (Program)
I-TOTAL DEBT SERVICE	188,6	170,8	166,5
Domestic Debt Service	167,4	145,4	140,3
External Debt Service	21,1	25,4	26,2
II-FINANCING	188,6	170,8	166,5
Non - Debt Creating Resources	36,3	49,6	41,8
Primary Surplus	32,3	38,4	34,3
Other	4,0	11,2	7,5
Total Borrowing	162,0	125,9	122,0
Domestic Borrowing	149,6	111,0	104,2
External Borrowing	12,4	15,0	17,8
Use of Cash Account and Valuation	-9,7	-4,8	2,7
TOTAL DOMESTIC ROLL-OVER RATIO	89,4%	76,3%	74,2%