3.5. Explanations on Operating Expenses

Explanations on Expenses

The table below shows the distribution of operating expenses incurred for the operational activities of the Bank in the last two years on the basis of the current expenditure items in real (2003) prices:

Table 30. Distribution of Expenses (with 2003 prices)	2016 (TL)	2015 (TL)	Change (%)
I- Personnel Expenses	275,127,107	273,602,921	1
II- Other Expenses	31,339,176	32,578,295	-4
III- Banknote Printing Expenses	38,261,804	35,490,595	8
TOTAL	**344,728,087**	**341,671,811**	**1**

In 2016, while personnel expenses and banknote printing expenses increased, there was a decrease in other expenses compared to 2015.

- **Personnel expenses:** These expenses cover salaries, fringe benefits, social security, social benefits, health and education expenses and travel allowances.

  The number of Bank personnel decreased by 3.8 percent from 4,762 in 2015 to 4,579 in 2016. Compared to 2015, there was a 1 percent increase in real personnel expenses. In 2016, the amount of gross salaries paid to the senior management of the Bank, comprising the Board, the Executive Committee, the MPC and the Auditing Committee was TL 5,508,152. This amount accounts for 1 percent of total salaries and fringe benefits paid to the Bank personnel in 2016.

- **Other expenses:** There was a 4 percent decrease in 2016 compared to 2015. This resulted from the decrease in maintenance and repair expenses, heating, lighting and water expenses, consulting and research expenses and social expenses.

- **Banknote printing expenses:** There was an 8 percent increase because of the raise in banknote production in 2016 compared to the previous year.

The Bank, in performing the main duties (such as issuing banknotes, determining the monetary policy, achieving price stability and managing FX reserves of the country) assigned to it by the Bank's Law, while keeping up with technological developments, prepares its budget adhering to the principle of frugality in both operating expenses and also investment expenditures.