

3.5 Explanations on Operating 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 3.5.1: Distribution of Expenses (with 2003 prices)

	2017 (TL)	2016 (TL)	Change (%)
I- Personnel Expenses	271,801,997	275,127,107	-1
II- Other Expenses	40,599,811	31,339,176	30
III- Banknote Printing Expenses	39,455,316	38,261,804	3
TOTAL	351,857,124	344,728,087	2

In 2017, while other expenses and banknote printing expenses increased, there was a decrease in personnel expenses compared to 2016.

- 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 18.2 percent from 4,579 in 2016 to 3,745 in 2017. Compared to 2016, there was a 1 percent decrease in real personnel expenses. In 2017, 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 6,158,298. This amount accounts for 1 percent of total salaries and fringe benefits paid to the Bank personnel in 2017.
- Other expenses: There was a 30 percent increase in 2017 compared to 2016. This resulted from the increase in consulting and research expenses, other expenses, expenses of money in transit, social expenses, and maintenance and repair expenses.
- Banknote printing expenses: There was a 3 percent increase because of the raise in banknote production in 2017 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.