

### 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)**

	2018 (TRY)	2017 (TRY)	Change (%)
I- Personnel Expenses	236,900,240	271,801,997	-13
II- Other Expenses	48,081,091	40,599,811	18
III- Banknote Printing Expenses	41,744,932	39,455,316	6
<b>TOTAL</b>	<b>326,726,263</b>	<b>351,857,124</b>	<b>-7</b>

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

- Staff expenses: These expenses cover salaries, fringe benefits, social security payments, social benefits, health and education expenses, travel allowances and outsourcing expenses. The number of Bank staff increased by 2% to 3,820 in 2018 from 3,745 in 2017. Compared to 2017, there was a 13% decrease in staff expenses in real terms. In 2018, the total amount of gross salaries paid to the senior management of the Bank, comprising the Board, the Executive Committee, the MPC and the Auditing Committee members was TRY 7,903,396.
- Other expenses: There was an 18% increase compared to 2017. This increase stemmed from the increase in Maintenance and Repair Expenses, Consulting and Research Expenses, Expenses of Money in Transit, Rent Expenses, Social Expenses, Taxes, Duties and Charges and Representative Office Expenses.
- Banknote printing expenses: Despite the decrease in the prices of raw materials used in printing banknotes and the decline in production, banknote printing expenses increased by 6% in 2018 due to the appreciation in exchange rates.

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