



INVESTOR RELATIONS

**INTERVIEW WITH MR. JORGE SICILIA,
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< Jorge Sicilia >: To us investing in emerging economies is straightforward for two reasons:

First, they are typically high-growth countries as a consequence of better population dynamics a catching-up economic process that has consequences in financial deepening and as of late a process of higher share of population that are middle classes. And second, because within this typical trade-off of risk and growth attached to emerging economies, the consequences of sound fiscal and monetary policies and globalization has made that these economies fare better also and are more resilient when facing crises. If anything, the recent crisis that was, that took place in 2008 proves this, this point. Growth continued to be higher in emerging economies and certainly those economies have been much more resilient than some developed countries. Turkey, in this context, it is not an exception on the, on the contrary If you take the period 2010-2016 growth was an average of 6.7% and, not only that, but after hard shocks last year related to the terrorist attacks and to the failed coup, the economy was able to grow a 3% and it is in course of having a v-shaped recovery, taking growth to levels above 5%.

Turkey, in addition, has some other advantages that are very dear to, to us in terms of long-term dynamics. First is the strong relation with Europe and second is that in this turn of the world that is turning more to the Asia-Pacific, Turkey is in a geographically good position to benefit from this movement, let alone the "One Belt One Road" policy that can stimulate investment, infrastructure and energy in this country.

This is not to say, of course, that there are no vulnerabilities. Many countries have different vulnerabilities and again Turkey is not an exception. Inflation is too high and there needs to be a significant decline in inflation in the medium term. Fiscal policy, which is good to tackle a lack of domestic demand needs to be reined in whenever growth is high and this needs to take place in the, in the near future.

And of course if you want to keep high economic growth in these countries the structural reforms are also of the essence. So, the more they go on that route the higher growth Turkey will have in the future.

So far, Turkey has proven that has been able to take the right decisions to keep the rate of growth high and be resilient. This is a very challenging world where you need to keep up with those challenges by implementing a structural reform and keeping a sound fiscal and monetary policy. If Turkey continues down that road, chances are that it will continue surpassing other partners having higher rates of growth.