

2008



**BANKING
REGULATION AND SUPERVISION
AGENCY**

ANNUAL REPORT



BANKACILIK
DÜZENLEME VE DENETLEME
KURUMU

ANNUAL REPORT

2008

The Banking Regulation and Supervision Agency Annual Report

- It is prepared in accordance with the transparency and accountability principles and in order to inform the authorities concerned as well as public.
- It can be resourced partly by quoting from the Annual Report.

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The Annual Report prepared in accordance with Articles 97 and 101 of the Banking Law Nr. 5411 regarding the activities of the Banking Regulation and Supervision Agency is submitted to the Council of Ministers and the Grand National Assembly of Turkey. The Plan and Budget Commission of Grand National Assembly is also informed about the activities of BRSA once a year. Furthermore, the Report is announced to public in the website of the Agency.

The Annual Report 2008 prepared within this framework is consisted of five main parts:

- The first part gives a general information on the Agency.
- Second part includes the goals and targets of the Agency.
- Third part includes the activities executed by the BRSA on a functional basis in 2008.
- Fourth part deals with financial information of the Agency.
- Institutional capability and capacity of the Agency are evaluated in the fifth part of the Agency.



Financial risks have gained attention again in the whole world and the significance of risk perception was comprehended better in the previous year. The global crisis which had effects on whole of the world as of mid-2007 is still a threat on global economy since it affects the real economy besides the financial sector. Negative impacts of the global crisis on Turkish banking sector have been limited currently owing to the traditional banking concept which is based on widespread branch network besides the lessons taken from previous crisis, relatively small-scale balance sheets as well as comparatively slight volume of derivative products and consumer loans with the capital adequacy ratio which is highly over the minimum ratio required by international standards. A more prudential regulation and supervision approach which we have initiated to implement before the appearance of the turmoil besides those structural advantages which have also enabled the sector to safely welcome the hard days. Thus, Turkish banking sector has continued borrowing from international markets and financing the real sector in 2008 as well, and a successful performance has been achieved in profitability in comparison to peer group countries.

Pursuant to the Banking Law Nr. 5411, BRSA is responsible for the regulation and supervision of a total number of 238 financial institutions of which 50 are banks, 47 are foreign bank representative offices, 50 are financial leasing companies, 81 are factoring companies and 10 are consumer financing companies. Total financial assets of these institutions amount to TL 763 billion as of end-2008. This amount performs 80% of the gross domestic product. Furthermore, having considered five asset management companies which are licensed by our Agency and 48 independent audit companies, 40 of which has the license to perform financial supervision at banks, six of which are authorized to perform financial supervision and information system supervision at banks and two of which has authority to perform information system supervision at banks by outsourcing, the number of the institutions that are subject to the supervision of our Agency amounts to 291.

Our Agency's top topics in 2008 were; preventing negative effects of the global turmoil on Turkish banking sector, adapting non-bank financial institutions to the new legislation, activities on New Capital Accord (Basel 2), supporting the international competitiveness of the banking sector, monitoring and mitigating the factors which have tackled the banking sector to operate in a profitable, productive and efficient environment, strengthening national and international cooperation and preparing a financial services guide for informing customers.

The primary agenda topic waiting for 2009 is certainly the preparations relating to Basel 2. Furthermore, increasing the efficiency of regulation and supervision system for non-bank financial institutions, completion of preparation activities of Strategic Plan of the Agency regarding 2009-2011 and totally implementing the plan are included among other agenda topics.

I hope 2008 BRSA Annual Report to be an effective and transparent disclosure and accountability instrument for all the related parties.

Tevfik BİLGİN
Chairman

BANKING REGULATION AND SUPERVISION BOARD



Erol BERKTAŞ

Mustafa EKİM

Ahmet ŞİRİN (Second Chairman)

Tevfik BİLGİN (Chairman)

Prof. Dr. Yusuf TUNA

Hüseyin AL

Mustafa AKIN

(from left to right)

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- Main Values and Principles
- Duties, Authorities and Responsibilities
- Information on the Agency

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Abbreviations

EU	European Union
USA	United States of America
ABC	Analytical Budget Classification
JSC	Joint Stock Company
BAFPER	Bank's Financial Performance Analysis
BRSA	Banking Regulation and Supervision Agency
NBFI	Non-Bank Financial Institution
B-Pera	Bank's Performance Reporting System
BRS	Banks Reporting System
IMS	Information Management System
CEDPL	Competitiveness and Employment Development Policy Loan
CPA	Statistical Classification of Products by Activity
CRD	Capital Requirements Directive
SPO	State Planning Organization
FDIC	Federal Deposit Insurance Corporation
FHC	Financial Holding Company
FINTURK	Turkish Financial Map
FATF	Financial Action Task Force
FED	Federal Reserve System
FSA	Financial Services Authority
FSI	Financial Soundness Indicators – Financial Stability Institute
FSC	Financial Sector Commission
GATS	General Agreement on Trade in Services
GİB	Revenue Administration
IMF	International Monetary Fund
ISE	Istanbul Stock Exchange
KEP	Pre- Accession Economic Program
TRNC	Turkish Republic of Northern Cyprus
SME	Small and Medium Scaled Enterprises
MASAK	Financial Crimes Investigation Board
CRA	Central Registry Agency
OCC	Office of the Comptroller of the Currency
OECD	Organization for Economic Cooperation and Development
POS	Point of Sale
OG	Official Gazette
RFS	Risk Focused Supervision
ROSC	Report on the Observance of Standards and Codes
CMB	Capital Markets Board
SSRN	Social Science Research Network
TAIEX	Technical Assistance Information Exchange Unit
TC	Republic of Turkey
BAT	Banks Association of Turkey
CBRT	Central Bank of the Republic of Turkey
TFRS	Turkish Financial Reporting Standards
TİKA	Turkish International Cooperation and Development Agency
TL	Turkish Lira
TAS	Turkish Accounting Standards
SDIF	Savings Deposit and Insurance Fund
TSİ	Turkish Statistical Institute
WB	World Bank

1 GENERAL INFORMATION

1.1 Our Mission and Vision

The mission of the Banking Regulation and Supervision Agency (the BRSA) is; to provide the confidence and stability in the financial markets, to bring competition power to the financial system, to ensure active operating of the credit system, to safeguard the rights and benefits of depositors, to take necessary measures in order to ensure the institutions subject to supervision operate healthy and orderly in a market discipline.

Our vision is to be an executive authority in world standards, having reliability and possessing organizational harmony which is based on good regulation and active supervision in financial markets, active risk management, competitiveness and efficiency in international scale, orientation to the European Union, innovativeness, professionalism and perfection.

1.2 Our Main Values and Principles

The principles of the BRSA in order to carry out its mission and implement its vision are to establish, implement and develop the required regulatory and supervisory frame. Within this scope, the BRSA's main values are:

Impartiality: The BRSA equally treats all parties that operate within the scope of its activity field and avoids all types of discrimination.

Transparency and Accountability: Informing the public about the operations of the Agency regularly and being open and ready for public evaluation and audit any time.

Effectiveness: Regulatory, supervisory and institutional practices are carried out regarding cost/benefit approach and special attention is aid to prevent the occurrence of any possible effects that could distort the competitiveness amongst institutions. Activities are carried out by a specialist and devoted staff with high ethical values.

Responsiveness: Risks in the financial system are handled in a rapid and effective manner and legitimate demands of the individuals and institutions related to the activities of the Agency are timely and effectively responded.

Participation: Views of related parties are received and noticed during the process of drafting regulations and implementation thereof.

Cooperation: The BRSA operates in close cooperation with related national and international institutions/organizations.

Professionalism: The Agency considers the benefits of the public during reaching at its targets, takes responsibility and accepts the charge of accountability.

Consumer Oriented Service: To make the consumers conscious about financial services, to review the regulations and policies in accordance with the proposals and complaints.

Respect: To act in a respectful, fair and perceptive manner to the related parties, to set a value on different ideas and views and to act in a professional manner during carrying out the responsibilities.

1.3 Duties, Authorities and Responsibilities

In the Banking Law Nr. 5411, the responsibilities of the Agency in order to ensure the confidence and stability in financial markets, the sound operating of the credit system, the development of the financial sector and the protection of the rights and interests of depositors, within the framework of the Law and related legislation, are determined as:

- To take necessary decisions and measures in order to protect the rights of depositors and ensure sound operating of the credit system and to implement them,
- To regulate, enforce and ensure the enforcement thereof, to monitor and supervise the implementation of establishment and activities, management and organizational structure, merger, disintegration, change of shares and liquidation of banks and financial holding companies as well as leasing, factoring and financing companies without prejudice to the provisions of other laws and related legislation,
- To become members of international financial, economic and professional organizations in which domestic and foreign equivalent agencies participate, to sign memorandum of understanding with the authorized bodies of foreign countries regarding the issues that fall under the Agency's duty field,
- To fulfill other duties assigned by the Law

On the other hand, BRSA Strategic Plan which reflects the strategic goals and targets relating to the realization of mission and vision of the Agency is in effect for 2006–2008 period and in this plan it is mentioned that international standards and financial developments, mainly EU Capital Requirements Directive and Basel II, will be followed-up; and that studies will be made on regulations relating to accounting, provisions, internal audit and risk management systems as well as data processing infrastructure of banks in order for the compliance with Acquis Communautaire.

1.4 Information on the Agency

1.4.1 Physical Structure

The BRSA uses Ankara İş Tower which it rented from İş Real Estate Investment Trust A.Ş. as the main service building as of the date of its establishment. The Agency still carries out its activities in this main service building which is constituted of three blocks and a total use of 24,440 square meters.

İstanbul service building of the Agency was rented from Anadolu Hayat Emeklilik A.Ş. in 2001 and the lease contract is continuing. Total area of the building is 5,833 square meters.

1.4.2 Organization Structure

As a result of the policies for increasing the efficiency of supervision and surveillance system and providing independent decision mechanisms, the Banking Regulation and Supervision Agency was established as a public legal entity having administrative and financial autonomy by the repealed Banks Law Nr. 4389 published in the Official Gazette dated June 23, 1999 Nr. 23734.

Comprehensive changes were made in the structure of the BRSA by the impact of service requirements and amendments were made to the legislation in 2002, 2004 and 2005 years. Within this framework, while some new units required by the services of the Agency were added to the organization structure in 2002; a more integrated structure in which permission, surveillance and enforcement functions are carried out together on institutions basis was implemented by a comprehensive restructuring made in 2004 instead of the previous structure in which the above-mentioned functions were organized separately.

The current organization structure of the Agency is reorganized by the “Banking Law” Nr. 5411 published in the Official Gazette dated November 01, 2005 and Nr. 25983 (supplemental) and “Decision of Council of Ministers on Regulation on the Organization of the Banking Regulation and Supervision Agency” Nr. 2005/9859 which was published based on the said Law in the Official Gazette dated December 31, 2005. Number of departments has been limited pursuant to the new regulation made in light of public administration reform studies, on-site audit and off-site surveillance functions are combined in the same units.

However, by taking into consideration the size of the sector which is subject to regulation and supervision of the BRSA, it is provisioned that departments shall be established by the Board according to “the Law on Payment of the Amounts Collected under the name of the Sale of Government Securities by Türkiye İmar Bankası Türk Anonim Şirketi whose license to carry out banking transactions and accepting deposit has been abolished” dated May 30, 2007 and Nr. 5667 with the approval of related Minister, on condition not to exceed the half of the number foreseen for number of departments in Article 91(1) of the Banking Law Nr 5411. Pursuant to the said amendment, four more departments were established and the number of departments in the BRSA increased to 14 from 10 according to “Regulation on Making Amendments

to the Regulation on the Organization of the Banking Regulation and Supervision Agency” published in the Official Gazette dated March 01, 2008 and Nr. 26803.

The headquarter of the BRSA is in Ankara and some part of the activities are carried out from Istanbul. The Agency is comprised of the Banking Regulation and Supervision Board (the Board) and the Chairmanship.

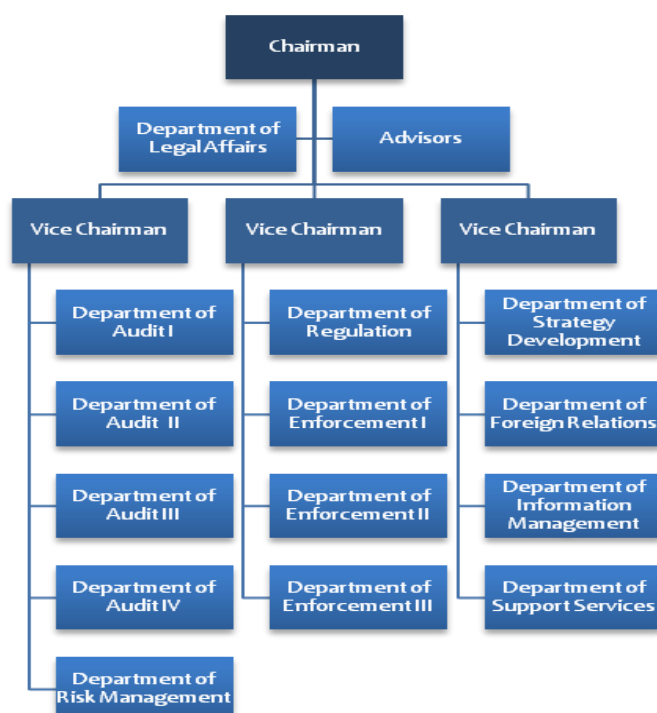
The Board: The Board is the decision-making body of the Agency and comprised of seven members including the Chairman and the Second-Chairman. The Chairman of the Board is the Chairman of the Agency, as well. Terms of office of the Chairman and members of Board are determined as six years in the Banking Law Nr. 5411 and it is provisioned that their duty cannot be terminated for any reason before their terms of office are expired, except the circumstances stipulated in the Law.

Chairmanship Organization: Chairmanship is comprised of the Chairman, Vice-Presidency, and service units. There are three vice-presidencies in the organization of the BRSA and advisors to the chairmanship can be assigned in fields such as law, press and public relations, management and finance on condition not to exceed fifteen advisors.

Service units of the BRSA are composed of 14 departments which are main service, advisory and support service units organized as departments.

On the other hand, there exist audit groups comprised of sworn bank auditors and assistant sworn bank auditors as well as banking specialists and assistant banking specialists under the structure of audit departments and there exist audit teams in those audit groups carrying out their duties on institutions basis. In addition, for the sufficiency and reliability of information systems or for the audit of issues related with law or when it is deemed necessary by the Chairmanship approval; joint control, examination, inspection, project and/or other working teams may be constituted from the profession personnel in audit departments and other departments; also teams may be constituted for the audit of risk models and examination of risk analysis, banking issues as well as specialization in accounting standards exclusively.

Organization chart of the Agency as of December 31, 2008 is as follows.



1.4.3 Information Sources

BRSA library which is aimed to be a specialized library continued to enhance its collection by providing 2.001 books, 15 periodicals, 16 audio-visual material and 2 foreign database subscriptions on banking, economics, law and supervision in 2008 in order to ensure efficient operating of the services.

“Actual Announcement Service” which includes the table of contents of the periodicals subscribed and some open-to-public reports published by banks as well some financial institutions are available on intranet with the title of “Non-Agency Reports”, and intra-Agency thesis as well as documents of programs such as seminars etc. attended by Agency personnel in Turkey and abroad are available on different stands.

Whole library registrations are in compliance with “the Regulation on Movable Goods”.

Table 1-1: Developments in Information Sources

Type of the Material	Total in end-2007		Added in 2008		Total in end-2008	
	Ankara	İstanbul	Ankara		Ankara	İstanbul
Book	6.849	4.173	1.834	167	8.683	4.340
Turkish Periodicals	174	69	-	-	148	68
Foreign Periodicals	39	15	15	-	54	10
Turkish Database (*)	3	2	-	-	3	2
Foreign Database (**)	7	7	2	1	9	8
Audiovisual Materials	149	85	16	-	165	85

(*) Kazancı The Laws and Conviction System, Lebib Yalkın Publications Mevbank, İcra Pro Software of Law

(**) Bankers’ Almanac, SSRN (Social Science Resource Network), EBSCO Business Source Corporate, SourceOECD, Econlit Fulltext, Reuters, Olinext

Within the scope of 2009 library study program, it is planned to enrich the collection with actual publications relate to the field of operations of the Agency, and to develop the impulsive implementations aiming to increase the use of information sources and to cover the needs.

1.4.4 Human Resources

Pursuant to Article 92 of the Banking Law Nr. 5411; permanent duties and services required by the responsibilities granted to the Agency are carried out by the profession personnel and administrative personnel comprised of sworn bank auditors and assistant sworn bank auditors, banking specialists and assistant banking specialists, law specialists and assistant law specialists as well as informatic specialists and assistant informatics specialists. Vice-presidents, heads of the departments, managers, advisors to the Chairmanship, profession personnel as well as agency specialists and lawyers are employed in staff equivalent contract status. The personnel in staff equivalent contract status are subject to the Civil Servants Law Nr. 657 except wage, financial and social rights, while the remaining personnel are subject to the above-mentioned law concerning any rights and responsibilities.

Total staff number of the Agency is determined as 851 pursuant to the statement (I) annexed to the Banking Law and the ratio of staff who is not

having the titles of manager, advisor and profession personnel is limited with 30% of total staff number.

Staff positions and number of personnel of the Agency is as follows.

Table 1-2: Distribution of Staff Position and Personnel of the Agency

(12/31/2008)	Number of Staff Position	Share %	Number of Personnel (2007)	Share %y	Number of Personnel (2008)	Share %
Executive	21	2,5	15	3,0	20	4,0
Advisor	15	1,8	5	1,0	7	1,4
Profession	601	70,6	348	69,3	342	68,5
Other Personnel	214	25,1	134	26,7	130	26,1
Total	851	100,0	502	100,0	499	100,0

Within the framework of general employment policy of the Agency, determination of and responding to human resources needs is realized by the principle of employing personnel in adequate number and qualification for the activities to be performed by taking into account the mission and vision of the Agency.

In order to meet the personnel requirement to be employed in main service units of the Agency, procedures for the assignment of those who were successful in competitive entrance examination made in November 2008 were completed. Young and qualified labor force is employed in the Agency by the assignment of personnel made.

When the distribution of personnel by age is considered, it is seen that the biggest share belongs to the group of 20-30 years by 43,1% as of end-2008 as it was in end-2007.

Table 1-3: Distribution of Personnel by Age

(12/31/2008)	2007		2008	
Age Group	Number of Personnel	Share %	Number of Personnel	Share %
Between 20-30 Years	242	48,2	215	43,1
Between 31-40 Years	174	34,7	190	38,1
Between 41-50 Years	70	13,9	74	14,8
Between 51-60 Years	16	3,2	20	4,0
Total	502	100,0	499	100,0

Within the scope of the education policy, the Agency's personnel are attending to domestic and foreign training programs, and the master's degree is promoted to provide the required specialization. Within this scope, the ratio of personnel having a master's or doctor's degree which was 17,1% by end-2007 increased to 18,2% by end-2008.

Table 1-4: Number of Personnel by Academic Background

(12/31/2008)	Undergraduate		Graduate		Master		Ph.D.		Other	
Staff	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Executive	-	-	6	6	8	12	1	2	-	-
Advisor	-	-	3	4	-	2	2	1	-	-
Profession	-	-	271	265	70	70	7	7	-	-
Other Personnel	19	16	76	77	8	7	1	2	30	28
Total	19	16	356	352	86	91	11	12	30	28
Share in Total (%)	3,8	3,2	70,9	70,6	17,1	18,2	2,2	2,4	6,0	5,6

91.2% of the personnel of the Agency have a bachelor's degree and above and when the distribution of the personnel of the Agency by their education is analyzed; it is observed that the graduate personnel are mostly educated in the economics and administrative sciences fields.

Table 1-5: Distribution of the Graduate Personnel by Main Fields

(December 31, 2008) Departments	2007		2008	
	Number of Personnel	% Share	Number of Personnel	% Share
Economics and Administrative	335	74,0	336	73,9
Law	35	7,7	35	7,7
Engineering	46	10,2	46	10,1
Mathematics-Statistics	16	3,5	16	3,5
Other	21	4,6	22	4,8
Total	453	100,0	455	100,0

2. GOALS and PRIORITIES

The fundamental goal of the Agency is to ensure the confidence and stability in financial markets, to provide effective operating of credit system and to safeguard the rights and interests of depositors.

Moreover, five targets are determined within the framework of "BRSA Strategic Plan (2006-2008)" which determines the steps that should be taken to fulfill the Agency's mission, targets to eliminate the uncertainties and serves as a guideline and which presents a long-term and future-oriented point of view. These are: (1) A secure, stable, active and competitive financial market, (2) An active and effective supervision system, (3) Flexible regulatory framework, (4) Transparent, fair and encouraging practices relating to customer rights (5) Adequate and effective corporate governance.

The Agency's priorities in the light of the Ninth Development Plan (2007–2013) and the National Program as well as the targets determined in the Agency's Strategic Plan are listed below:

Secure, Stable, Active and Competitive Financial Market

- Establishing a financial sector which reached to competitive scale, has instrument variety that will direct the resources to investment, has financial depth, regulated and supervised in international standards and in which intermediation costs are minimized,
- Encouraging the use of derivative products in risk management and to increase the risk perception relating to those products,
- Improving risk management and corporate governance practices in banks,
- Increasing the cooperation and information sharing with domestic and foreign supervisory authorities,
- Removing the competition obstacles faced by financial institutions and markets, to minimize intermediation costs,
- Increasing the integration in financial markets by increasing the dialog and cooperation between institutions and profession groups.

Active and Effective Supervision

- Strengthening and expanding risk-focused supervision,
- Improving consolidated supervision practices,
- Aligning supervision of financial holdings with EU legislation,
- Accomplishing the preliminary studies relating to CRD / Basel II and starting to implement and establishing credit and corporate governance rating systems in financial system.

Flexible Regulatory Framework

- Making regulations which will provide risk management to be applied in whole financial institutions subject to the Agency's supervision,

Transparent, Fair and Encouraging Practices relating to Customer Rights

- Making customers conscious about their rights, to safeguard their rights and interests, to develop protective practices.

Adequate and Effective Corporate Governance

- Improving the corporate capacity of the BRSA by the implementation of the Agency's Strategic Plan with all its aspects.

3 ANNUAL ACTIVITIES OF THE AGENCY

3.1 Banking Regulation and Supervision Board

3.1.1 Duties and Authorities of the Board

Banking Regulation and Supervision Board is a top-level negotiation and resolution making organ upon the duties and authorities granted subsequent to the Law Nr. 5411 and other related legislation.

Furthermore, the Board is in charge of and authorized to;

- Make secondary-regulations adaptable to the international principles and standards concerning the sector or related field it is authorized to regulate and supervise and take resolutions,
- Determine strategic plan, performance criteria, goals and targets, service quality standards of the Agency, establish human resources and working policies,
- Negotiate and settle the budget offer prepared according to the strategic plan and goals and targets of the Agency,
- Approve the reports on performance and financial condition of the Agency,
- Assign, upon the proposal of the Chairman, vice-presidents and heads of departments,
- In case of absence of chairman and second-chairman, assign a member to moderate to the Agency and Board meetings,
- Reach a decision in real property purchase, sale and renting,
- Decide to file a criminal complaint for administrative fines to be imposed about the members of the institutions under the scope of Law pursuant to the Law and the

related legislation and/or decide to impose administrative fines foreseen about these institutions,

- Without exceeding the total number of personnel in the table (I) included in the annex of the Law and title changes of the personnel of the Agency excluded from professional personnel being limited with the personnel titles included in Decree Law annex tables Nr. 190, determine the procedures and principles for changing personnel title and degrees of professional personnel and for using personnel,
- Determine the procedures and principles for wages, other financial and social rights of the staff-equivalent contracted personnel of the Agency and extra work payments to be paid to the personnel of the Agency reward based on performance,
- Determine the service department of personnel to perform internal audit and inquiry activities,
- Perform other duties given according to the Law and the related legislation.

The Board uses its authorities by establishing regulatory transactions and taking special resolutions.

3.1.2 Operating Procedures and Principles of the Board

The Board, at least once a week, gathers when necessary and the meetings are conducted by the Chairman of the Board or the Second-Chairman in the absence of the Chairman. Agenda of the meetings is prepared by the Chairman or the Second-Chairman in the absence of the Chairman and notified to the members of the Board at least one day ago and the Chairman informs the Board on the activities of the Agency before the subjects of the agenda began to be discussed. In order to include a new subject in the agenda, it is necessary that a member should make a suggestion before the meeting starts and the suggested subject should be accepted to be included in the agenda by the Board.

Board members who fail to participate in three meetings without having a valid excuse in a calendar year or fail to sign the board resolutions on time or fails to submit written negative vote justification notwithstanding to be participated in a meeting are considered withdrawn from the membership. This situation is determined by the Board resolution and notified to the related Minister.

The Board gathers with the presence of at least five members and takes resolutions by the same votes of at least four members exclusive of the situations requiring special quorum defined in Law. Abstaining vote cannot be voted by the members and the resolution is made by considering the vote of the part in which the Chairman takes stands is regarded superior when quorum cannot be achieved and in case there is equivalence in votes in the following meetings. The Board resolution is determined by the record and the resolution record is signed by all the members participated in the meeting during the meeting or in the work day following the meeting at the latest.

For any reason whatsoever, in case the number of members decreases to a level which would make taking resolutions impossible, according to the order of seniority, Chairman or the vice-presidents of the Agency substitute in order to provide meeting quorum not exceeding one month.

Without prejudice to the dates determined in the Law Nr. 5411, The Board resolutions, in fifteen days at the latest following the meeting date is matured along with their justifications, negative votes and signatures, if there is any.

The Chairman and members of the Board cannot participate in the discussion and voting on the subjects concerning themselves, spouse, adopted child and relatives blood-related or affiliated through marriage including third level, this situation is stated in the resolution text additionally.

The Board meetings are confidential, yet in order to benefit from their opinions specialist persons may be invited to the meetings when necessary. Nevertheless, Board resolutions may not be taken in the presence of the persons participating externally.

Regulatory resolutions of the Board are delivered to the related Ministry and to the Prime Ministry to be published in seven days at the latest following the maturation and published in the Official Gazette in seven days at the latest following the delivery. Without prejudice to the provisions foreseen in the Law Nr. 5411, regulatory resolutions are announced to public via appropriate means for instance internet, the Board may decide not to publish regulatory resolutions of which publication is inconvenient for country economy and public order.

3.1.3 Activities Performed by the Board

The Board held 56 meetings in 2008, the number of resolutions increased by 54% to 539 from 351 in previous year.

While the number of Board resolutions concerning banks increased by 40% when compared to the previous year, its share in total decreased by 5.3 points. On the contrary, while number of Board resolutions concerning financial leasing, factoring and finance companies increased by 250% when compared to the previous year, its share in total increased by 9.9 points.

Board Resolutions taken subsequent to the Banking Law and the related legislation; are on regulation, permission transactions, administrative sanction. Furthermore, some subjects concerning administrative and financial transactions and personnel transactions of the Agency are settled by the Board. Distribution of the resolutions taken in 2008 by topics are displayed in the table below along with comparison to the previous year, more detailed information on resolutions are presented in the following section by the related fields of activity.

Table 3-1: Board Resolutions Taken in 2007-2008 years

Subject	2007		2008	
	Number	% Share	Number	% Share
I- Board Resolutions Concerning Banks	212	60,4	297	55,1
A. Regulation	45	12,8	58	10,8
B. Permission Transactions	46	13,1	46	8,5
Share Transfer	15	4,3	13	2,4
Opening/Liquidation of Branches or Representative Offices	15	4,3	9	1,7
Take-over-Merger	2	0,6	-	-
Activity Expansion (Article 4 of the Law Nr. 5411)	12	3,4	20	3,7
Opening Branches and or Representative Offices Abroad, Establishing Partnerships or Participation to the Established Partnerships	2	0,6	4	0,7
C. Sanction	95	27,1	160	29,7
Temporary Termination/Restore of the Signing Authorities of the Bank Authorities	6	1,7	6	1,1
Imposing/Not-Imposing Administrative Fines	89	25,4	154	28,6
Illegitimacy to the Abolished Law Nr. 4389 and/or Law Nr. 5411	81	23,1	140	26,0
Illegitimacy to the Law on Bank Cards and Credit Cards Nr. 5464	8	2,3	14	2,6
D. Other	26	7,4	33	6,1
II- Board Resolutions concerning Financial Leasing, Factoring and Finance Companies	55	15,7	138	25,6
A. Regulation	5	1,4	6	1,1
B. Permission Transactions	26	7,4	30	5,6
Share Transfer	9	2,6	6	1,1
Take-over-Merger	-	-	-	-
Giving/ Not Giving Permission of Establishment	14	4,0	20	3,7
Operating License	3	0,9	4	0,7
C. Sanction	13	3,7	33	6,1
Termination of Operating License	6	1,7	28	5,1
Imposing/Not-Imposing Administrative Fines	7	2,0	5	0,9
D. Adaptation to the Provisions of the Regulation on the Procedures and Principles for Establishment and Activities of the Financial Leasing, Factoring and Finance Companies	5	1,4	60	11,1
E. Other	6	1,7	9	1,7
III- Board Resolutions concerning Independent Audit Institutions	16	4,6	26	4,8
A. Permission Transactions	6	1,7	5	0,9
Giving/ Not Giving Authority to Perform Independent Audit at Banks	2	0,6	4	0,7
Giving/ Not Giving Authority to Perform Information System Audit at Banks	4	1,1	1	0,2
B. Sanction	4	1,1	16	3,0

Subject	2007		2008	
	Number	% Share	Number	% Share
Termination of Performing Independent Audit	1	0,3	4	0,7
Imposing/Not-Imposing Administrative Fines	3	0,9	12	2,2
C. Other	6	1,7	5	0,9
IV- Board Resolutions concerning Asset Management Companies	2	0,6	6	1,1
A. Permission Transactions	1	0,3	3	0,6
Giving/ Not Giving Permission of Establishment	1	0,3	2	0,4
Operating License	-	-	1	0,2
B. Sanction	-	-	3	0,6
Termination of Operating License	-	-	1	0,2
Imposing/Not-Imposing Administrative Fines	-	-	2	0,4
C. Other	1	0,3	-	-
V-	21	6,0	28	5,2
VI- Adaptation to the Provisions of the Law on Bank Cards and Credit Cards Nr. 5464	-	-	3	0,6
VII- Board Resolutions concerning Administrative, Financial and Personnel Transactions of the Agency	45	12,8	41	7,6
TOTAL	351	100,0	539	100,0

3.2 Organization of the Chairmanship

3.2.1 Regulation Activities

Pursuant to the Article 93 of the Law Nr. 5411, it is provisioned that the Agency shall use the powers assigned thereto within the scope of the Law and other related legislation provisions by the regulatory transactions or special resolutions to be made by the Agency and that the Agency is authorized to publish regulations and communiqués relating to the implementation of the Law hereof upon the resolution of the Board. Within the scope of regulation function; studies on the banking legislation was made in order to establish conformity with international banking rules and the EU practices, amendments were made to the legislation in accordance with the needs arise in practice and opinions are submitted about the hesitations arise relating to the said regulations.

In the scope of the legislation studies, drafts prepared by the Agency are open to the public and they can be seen in the web page of BRSA. In this content the sector's opinions on all drafts is taken through associations of institutions. Besides, the proposals and the opinions of the related agency and institutions are taken in necessary situations. The drafts revised in the framework of the opinions and proposals are submitted to the consultation of the related Ministry about its relation with sector strategy and policy, to the State Planning Organization about its relation with the progress plan and annual program in accordance with the Article 93 of the Banking Law

Nr. 5411. Following the evaluation of the said opinions and suggestions, it is submitted to the approval of the Board. The regulations and the communiqués approved by the Board are sent to the Prime Ministry to be published in the Official Gazette.

Accordingly, two draft acts were prepared in 2008 and they are still under the process of becoming law. Amendments were made to 12 of the regulations and 3 of the communiqués which are in force pursuant to the Law Nr. 5411 and came into force. Furthermore, the Communiqué on the Principles and Procedures on the Activities of the Representative Offices Opened in Turkey entered into force subsequent to being published in the Official Gazette dated April 01, 2008 Nr. 26834. Besides, preparation studies on some sub-regulations to be published in 2009 continued.

Table 3-2: Distribution of Regulations Put into Force by Types

Type of the Regulation	2007	2008
Law	1	-
Regulation	5	-
Amendment to	13	12
Communiqué	4	1
Amendment to	4	3
Circular	1	-
Board Resolution	2	-
TOTAL	30	16

In addition, a total of 401 comments (174 intra-Agency and 227 to other institutions) were provided concerning the Banking Law Nr. 5411 and the Law Nr. 5464 on Bank Cards and Credit Cards as well as related sub-regulations in 2008. The table concerning the comments given by the Agency is as follows:

Table 3-3: Comments Given by the Agency on the Related Regulations

Regulations to which Comments were Given	Intra-Agency	To other
Banking Law Nr. 5411	58	66
Sub-Regulations	71	107
Law Nr. 5464 and related Regulation (*)	18	19
Accounting	27	35
Total	174	227

(*)Law on Bank Cards and Credit Cards” Nr. 5464 and “Regulation on Bank Cards and Credit Cards”

3.2.1.1 Regulations in Force

In order to meet the requirements occurred during the implementation of the regulations which were put into force pursuant to the Banking Law Nr. 5411, amendments were made to the related legislation in 2008. Accordingly, amendments made are as follows under seven titles.

1-Regulations on Establishment and Operations of Banks

Regulation on Making Amendments to the Regulation on Procurement of Support Services by Banks and Authorization of Such Service Providers (OG dated February 13, 2008 and Nr. 26786): By this regulation, the institutions which will carry out the outsourcing services to be procured by banks and the marketing services other than advertisement services, including the marketing services towards the credit products of banks were included within the scope of “the Regulation on Procurement of Support Services by Banks and Authorization of Such Service Providers” and they are

deemed as support service institution. Furthermore, the implementation of the procedure of notifying the support services procured by banks from their domestic affiliates and affiliates abroad or jointly controlled partnerships as well as qualified share owner partners and support services procured by the branches in Turkey of banks headquartered abroad from their headquarters as well as the support services to be provided from the support service institutions established by the direct partnership of at least three banks, to our Agency was enabled.

Communiqué on the Principles and Procedures on the Activities of the Representative Offices Opened in Turkey (OG dated April 01, 2008 and Nr. 26834): By this Communiqué, the principles and procedures relating to the activities of the representative offices opened in Turkey, especially the scope of their activities, the positions in which they will notify to the Agency and the activities which they can not carry out are set in a detailed manner.

Regulation on Making Amendments to the Regulation on Operations of Banks Subject to Permission and Indirect Shareholding (OG dated April 05, 2008 and Nr. 26838): By this Regulation, the scope of the information to be given to the Agency concerning the changes occurred in the partnership structure of a bank established abroad and operating in Turkey by opening a branch, is determined. Furthermore, in the case that a bank established abroad which is granted permission for opening branch in Turkey and operating license is transferred to a bank established abroad which is not granted such permissions together with all its rights, receivables, debts and liabilities, it is obliged that the assignee bank shall get permission from the Board to open up branch in order to continue to carry out its activities, and the documents required from the assignee bank for branch opening permission as well as the period prescribed for submission of them to the Board are set. Besides, definition for representative office is set and amendments is made to the Regulation in force concerning the fact that opening up branches of banks established in Turkey without being dependent on the limits in the definition shall be subject to the permission of the Board. By these amendments, Article 10 of the Regulation on Operations of Banks Subject to Permission and Indirect Shareholding is re-regulated concerning opening representative offices in Turkey.

Regulation on Making Amendments to the Regulation on Operations of Banks Subject to Permission and Indirect Shareholding (OG dated August 05, 2008 and Nr. 26958): By this Regulation, banks are obliged to take the safety measures to be foreseen by the related special provincial safety commission relating to the branches to be opened by them.

2-Regulations on Corporate Governance

Regulation on Making Amendments to the Regulation on Internal Systems of Banks (OG dated November 30, 2008 and Nr. 27070): By this Regulation, in order to ensure data safety and the efficiency of supervision in banks especially which are dependent on abroad in terms of information systems and/or back-up systems, Article 11(2a) of the Regulation on Internal Systems of Banks which determines one of the elements to be present in banks' information systems at minimum was amended.

3-Regulations on Protective Provisions

Regulation on Making Amendments to the Regulation On The Procedures And Principles For Determination Of Qualifications Of Loans And Other Receivables By Banks And Provisions To Be Set Aside (OG dated February 06, 2008 and Nr. 26779): By this Regulation, general provision ratios which were applied as one percent (1%) for special mention (Group II) cash loans and as 0,2% for special mention (Group II) non-cash loans have been re-determined as 2% and 0,4%, respectively.

Regulation on Making Amendments to the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (OG dated March 22, 2008 and Nr. 26824): Two amendments were made by this regulation. In the first amendment, it is foreseen that contracts relating to the limit commitments of credit deposit account and credit card expenditure limit commitments be set as revocable, however, by taking into consideration that concentration volume thereof in the sector, conversion speed to cash loan and the opportunity to use the revocation right from the commitment is not efficient when compared to other loans, conversion to loan ratio which was 50% relating to them in the capital adequacy calculations be decreased to 20%.

By the second amendment, risk weights of loans according to the period till their maturity which was born from installment shopping is aimed to be increased by taking into consideration that return of the loan sourced via credit cards from installment shopping be in the maturity foreseen in the installment, the possibility of weakening the repayment ability of customers due to a negative development to be experienced in economy in that maturity period and the fact that these loans are un-guaranteed.

Regulation on Making Amendments to the Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks (OG dated April 05, 2008 and Nr. 26838): By this Regulation, in order to prevent the negative reflections of the liquidity shortage experienced in foreign banking and capital markets on Turkish banking sector, the consideration ratio of principal amounts of debtor current account loans which was 90% in the annex statements of the Regulation on Measurement and Revaluation of Liquidity Adequacy by Banks published in the Official Gazette dated November 01, 2006 and Nr. 26333, to 45 %. Furthermore, additional lines were added in order to enable to analyze in detail the effects of consumer loans reported under "Other" item in loans section in the annex statement of the Regulation in force, to liquidity, by associating some assets which do not have maturity factor and accepted as 100% liquid with some liability items, is started to be implemented for deposit and participation banks in a way which will enable the continuation of the provision of provisional article 1 of the current Regulation, to be valid until June 01, 2007 which especially aims banks to hold liquid assets to enable deposit withdrawals from bans and it will be transferred to 7% gradually.

Communiqué on Making Amendments to the Communiqué on Considering Credit Derivatives in the Calculation of Capital Adequacy Standard Ratio according to Standard Method (OG dated June 11, 2008 and Nr. 26903): By the Communiqué, calculation method of the amount subject to credit risk for the protected portion of the reference asset and similar issues are clarified.

Regulation on Making Amendments to the Regulation on Credit Transactions of Banks (OG dated November 12, 2008 and Nr. 27052): The Regulation is prepared for facilitating banks to issue letters of guarantee by establishing consortiums in order to provide letters of guarantee in big amounts which will be necessary for large-scale constructing projects abroad.

4-Regulations on Financial Reporting

Communiqué on Making Amendments to the Communiqué on the Arrangement of Consolidated Financial Statements of Banks (OG dated December 03, 2008 and Nr. 27073): By this Communiqué, the partnerships of the parent company banks, which do not hold the feature of credit institution or financial institution are also made obliged to be consolidated as of year-end and end-june.

Regulation on Making Amendments to the Regulation on the Principles and Procedures for Accounting Practices of Banks and Retention of Documents (OG dated December 21, 2008 and Nr. 27087): By this Regulation, interim activity report is foreseen to be prepared and announced to public in the case that there existed changes in the annual reports of banks.

5-Regulations on Non-Bank Financial Institutions

Communiqué on Making Amendments to the Communiqué on the Procedures and Principles Concerning the Provisions to be Set Aside by Financial Leasing, Factoring and Financing Companies for their Receivables (OG dated March 06, 2008 and Nr. 26808): By this Communiqué, provisions concerning the transfer of accrued incomes of receivables to accounts related to impaired receivables and re-determination of the periods relating to special provisions to be set aside were imposed.

Regulation on Making Amendments to the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies (OG dated March 23, 2008 and Nr. 26825): By this Regulation, the definitions of equities stipulated in the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies was changed and amendments were made to the grounds for revokal of operating licenses of the said companies.

6-Administrative Regulations

Regulation on Making Amendments to the Regulation on Organization of the Banking Regulation and Supervision Agency (OG dated March 01, 2008 and. Nr. 26803): By the amendment made to the Regulation on the Organization of the BRSA in accordance with the Law Nr. 5667 on the Payment of the Amounts Collected under the Name of the Sales of Government Securities by Türkiye İmar Bankası Türk Anonim Şirketi whose License to Carry out Banking Transactions and Accepting Deposits is Revoked as well as Article 91(1) of the Law Nr. 5411, one audit, one implementation department as well as Foreign Relations Department and Risk Management Department were established.

7- Other Regulations

Regulation on Making Amendments to the Regulation on Bank Cards and Credit Cards (OG dated December 21, 2008 and Nr. 27087): By this Regulation, realizing the transactions in a more confident manner is aimed by also taking into consideration that risks arising from the use of bank and credit cards as well as the risks of fraud

increased. Accordingly, it is foreseen that card reading process be realized only on POS, POSs to have certain security qualifications for taking necessary measure concerning the positions in which the said cards are used physically and that globally accepted 3D Secure implementation shall be obligatory for the transactions performed without physical usage but the information on the card.

3.2.1.2 Regulations Put into Force in 2009

Regulation On Making Amendments to the Regulation on The Procedures And Principles For Determination Of Qualifications Of Loans And Other Receivables By Banks And Provisions To Be Set Aside (OG dated January 23, 2009 and Nr. 27119):

This Regulation was put into force in order to ensure the improvement of credit granting opportunities of the banking sector by also considering the credit debtor companies and solvency of the household, due to the sensitive conditions in the economy depending on the developments in global economy.

Regulation on Making Amendments to the Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks (OG dated January 23, 2009 and Nr. 27119):

According to the amendment made by Turkish Accounting Standards Board in parallel with international implementations in TMS (Turkish Accounting Standards) 39 and TFRS (Turkish Financial Reporting Standards) 7, to be valid as of July 01, 2008, which will lead to the re-classification of financial assets whose value difference in compliance with the real is reflected on profit or loss or classified as financial assets available-for-sale, the Banking Regulation and Supervision Board made a decision on October 31, 2008 concerning that financial assets whose value difference in compliance with the real is reflected on profit or loss or classified as financial assets available-for-sale shall be re-classified by taking into consideration from the previous ratio (95%) within securities to be held to maturity in the calculation of liquidity adequacy ratio and it shall be determined in the reporting to be made to our Agency. By the Regulation issued subsequent to the said decision, on contrary to the requirement that taking into consideration the re-classified financial assets over 95% ratio shall continue for a certain period, for the ones classified as securities to be held to maturity which was already implemented as 65% is changed as 80% without making re-classification differentiation. Furthermore, amendment was made to ensure that FX-indexed assets and liabilities shall be taken into consideration by 45% in the calculation of FX liquidity adequacy ratio for banks for a period of 18 months.

Regulation on Making Amendments to the Regulation on Operations of Banks Subject to Permission and Indirect Shareholding (OG dated January 23, 2009 and Nr. 27119):

Pursuant to this Regulation, an amendment was made to the practice in which banks should have non-consolidated and consolidated capital adequacy standard ratio by at least 12 per cent to open branches or acquire subsidiaries in off-shore banking areas, to be maintained in the level the Banking Regulation and Supervision Board would determine so as to be quickly adapted to the conditions.

Communiqué on Making Amendments to the Communiqué on the Principles to be Adopted in Information Systems Management to be Performed in Banks (OG dated January 24, 2009 and Nr. 27120):

By this Communiqué, an amendment was made in the article of the current Communiqué which regulates the measures that banks have to implement for business continuity, in order for banks to establish a proper backup

structure, business continuity and rescue plan, without prejudice to the Article 11(2a) of the Regulation of Internal Systems of the Banks. Moreover, it is made clear upon the Communiqué that general controls made within the scope of the internal controls regarding information systems does not solely compose of policies and procedures which enable these controls, but it also includes the controls themselves.

3.2.1.3 Draft Regulations Presented to the Ministry of State and Chair of Deputy Prime Minister

Draft Law on Making Amendments to the Banking Law: Draft which is prepared in order to solve the problems encountered in practice was sent to the Ministry of State and Chair of Deputy Prime Minister (Mr. Nazım EKREN) pursuant to the Board Resolution of the Banking Regulation and Supervision Agency dated July 3, 2008 and Nr. 2675.

Draft Law on Leasing, Factoring and Consumer Financing Companies: In order to ensure financial leasing, factoring and consumer financing companies to operate in compliance with regulations to satisfy their arising needs, Draft Law on Leasing, Factoring and Financing Companies abolishing the Law Nr. 3226 and the Decree Law Nr. 90 and including new provisions has been prepared. The Draft was sent to the Ministry of State and Chair of Deputy Prime Minister (Mr. Nazım EKREN) pursuant to the Board Resolution of the Banking Regulation and Supervision Agency dated May 28, 2008 and Nr. 2632.

3.2.1.4 Draft Regulations under Preparation

Draft regulations under preparation are as follows.

Draft Regulation on Making Amendments to the Regulation on Bank Cards and Credit Cards: According to this Draft, it is aimed that procedures and principles for establishing internal control, risk management and internal audit systems of exchange of information and swap and settlement institutions of which main field of activity is exchange of information and swap and settlement, hence the scope and qualities of the risks which they encounter differ to be determined so as to be adaptable with the scope and structure of their activities, having regard to the fact that field of activity of the said institutions are not as various and comprehensive as in banks. Furthermore, the Draft is prepared so as to establish parallelism in the provisions concerning the qualities of card institutions and general managers as well as exchange of information institutions and swap and settlement institutions and opinions are being collected on the subject.

Draft Communiqué on Making Amendments to the Communiqué on Uniform Accounting Plan and Prospectus: Draft studies continue on resolving the problems encountered in practice.

Draft Communiqué on Making Amendments to the Communiqué on Financial Statements to be Announced by Banks and Explanation and Footnotes Relating to them: Draft studies continue on changing “TRY” and “New Turkish Lira” expressions included in Communiqué on Financial Statements to be Announced by Banks and Explanation and Footnotes Relating to them which is published in the Official Gazette dated February 10, 2007 and Nr. 26430 and its annexes as “TL” and “Turkish Lira”,

respectively; reflecting the amendments made in parallel with the Draft Communiqué on Making Amendments to the Communiqué on Uniform Accounting Plan and Prospectus to the Communiqué Annex tables; and resolving the problems encountered in practice.

Draft Communiqué on Making Amendments to the Communiqué on Uniform Accounting Plan and Prospectus to be applied by Participation Banks: Draft studies continue on resolving the problems encountered in practice.

3.2.2 Supervision and Surveillance Activities

According to the Banking Law Nr. 5411, banks, financial holding companies, financial leasing, factoring and consumer financing companies shall be under the supervision of the Agency. On-site supervision activities are conducted with audit programs formed by the consent of the Chairman. Audit teams are composed by sworn bank auditors and sworn bank auditors assistants, banking specialists and banking specialist assistants, informatics specialists and informatics specialist assistants, jurists and jurist assistants, who are the profession personnel of the Agency.

Procedures and principles on audit and surveillance are determined by the “Regulation on the Procedures and Principles of Audit to be Performed by the Banking Regulation and Supervision Agency” published in the Official Gazette dated July 22, 2006 and Nr. 26236, and audit activities are executed by the audit guidelines within the scope of the above-mentioned Regulation.

The organization structure of the Agency relating to on-site audit and surveillance is re-regulated by the Regulation on Amendment to the Regulation on the Organization of the Banking Regulation and Supervision Agency published in the Official Gazette dated March 01, 2008 and Nr. 26803. Accordingly, number of Audit Departments is increased from three to four, furthermore Risk Management Department is established in order to carry out studies on risk management systems of the institutions under the scope of supervision.

3.2.2.1 On-Site Audit and Surveillance

Supervision activities are composed of two fundamental activities; on-site audit and surveillance. These activities, fundamentally conducted by;

- Analyzing various indicators on financial performances of banks on consolidated and/or non-consolidated basis daily, weekly, monthly and quarterly and preparing call reports,
- Supervising banks in terms of compliance to the Law and other related legislation,
- Informing the departments in charge and other decision making units of the Agency prior to standard reporting in case potential problems or vulnerabilities are spotted through stress tests or in case developments or findings indicate serious problems

Various resources, mainly the Agency’s data base is used in performing the surveillance function.

Box 3-1: Data Sources Used in Supervision Process

To fulfill the supervision function in an effective and efficient way, it is necessary to use a wide range of data resources. The fundamental data resources, the ones reported in consolidated and/or non-consolidated basis to the Agency's data base by the related institutions being ahead are as follows:

- Daily, weekly, monthly and quarterly, call reports, to be used for analyzing financial performance of the institutions under supervision and for monitoring, their compliance with the limitations regulated, with the Banks Act Nr. 5411 and the related legislation,
- "Weekly Liquidity Ratio Notification Form" including the standard ratios calculated daily on monitoring the banks in meeting and maintaining the adequate liquidity level so as to meet their liabilities with their assets, within the scope of the Regulation on Measurement and Evaluation of Liquidity Adequacy,
- "Market Risk Reporting Set" prepared with the aim of monitoring the interest rate risk, exchange rate risk, price risk and the capital adequacies related to these risks, within the framework of Regulation on Measurement and Evaluation of Capital Adequacy of Banks,
- "Operational Risk Analysis Form" prepared annually in order to procure the information concerning measurement of the operational risk, upon the Regulation on Measurement and Evaluation of Capital Adequacy of Banks
- Weekly call reports including the standard ratios calculated daily so as to ensure the balance between foreign exchange assets and liabilities and own funds of banks are monitored and evaluated within the scope of the Regulation on the Principles Concerning the Calculation and Implementation of "Foreign Exchange Net General Position / Equity" Standard Ratio by Banks on Consolidated and Non-Consolidated Basis, ,
- "Financial Institutions Abroad Reporting Set" composed of quarterly forms concerning subsidiaries of banks subject to consolidated supervision and branches performing off-shore banking activities,
- "Non-Bank Financial Institutions Reporting Set" composed of quarterly forms, to monitor financial structure of non-bank financial institutions and the legal restrictions those institutions are obliged to comply with pursuant to the Banking Law Nr. 5411 and the related legislation,
- Results of report, opinion and other analyses prepared as an outcome of on-site audit activities,
- Independent audit reports.
- Analytic information generated from Early Warning System,
- Other information received or collected from the institutions under

Supervision duties and authorities assigned to the Agency pursuant to the Law Nr. 5411 are conducted accordingly by; the Board, Chairmanship, Vice-Presidency, Departments and groups leaders under their structure as well as the profession staff assigned in audit teams temporarily and/or permanently.

Supervision activities are carried out via 12 supervision groups comprised of sworn bank auditors and assistant sworn bank auditors as well as banking specialists and assistant banking specialists. In each group, group head is assigned in order to provide the coordination and operation of audit-related works, by the Approval of the Chairman among profession personnel who have on-site audit experience over five years. The Group Head conducts the audit of the institutions under his/her responsibility by audit teams established with Chairman's Approval and which function in the institution basis. In addition to sworn bank auditors and sworn bank auditor assistants and banking specialists and banking specialist assistants within the audit teams, a sufficient number of informatics specialists and informatics specialist assistants, jurists and jurist assistants may be assigned within the supervision team in case of necessity, on Vice-Chairman's advice and Chairman's approval.

The audit system of the Agency is comprised of two fundamental activities; namely on-site audit and surveillance.

On-Site Supervision Activities

On-site supervision activities consist of;

- Analysis of relations and balance amongst the banks' assets, receivables, own funds, debts, profit and loss accounts, liabilities, and commitments and all other aspects affecting financial structure,
- The evaluation and determination of the risk profile of institutions,
- Analysis of the adequacy and the efficiency of risk management and internal control systems,
- Supervision of the compliance of financial statements and the records with the accounting principles and standards,
- Supervision of the compliance of the activities with the provisions of the Banking Law Nr. 5411 and the provisions included in other laws concerning the institutions within the scope of the Law thereof
- Analysis of the adequacy and reliability of information systems,
- Analysis of the topics relating to the activities that are of importance,
- Consolidated supervision of financial holding company and/or subsidiaries and jointly controlled subsidiaries,
- Evaluating the quality of corporate governance,
- Limited with the service they furnish, supervision of outsourcing entities,
- Audit of the institutions within the scope of the Law on Bank Cards and Credit Cards Nr. 5464,
- Other on-site audit activities

Surveillance Activities

Surveillance activities include;

- Stress tests and scenario analysis,
- Monitoring and evaluating the changes in financial structure and performance by means of call reports.
- Following the development of the banks' ratings by using current data and the results of the previous on-site supervision,
- Making timely assessments of the changes in the financial structure and performance by means of early warning system,
- Follow-up and analysis of financial developments on sector and institution basis,
- Transmitting the illicit acts to the legislation determined upon institutions' reports and reporting defaults to group leaders,
- Analysis of compliance with limitations regulated under the Law,
- Surveillance of the institutions within the scope of Law on Bank Cards and Credit Cards Nr. 5464,
- Other surveillance activities.

On-site audit activities include; risk-focused audit, compliance audit, denouncement and complaint inspection as well as analysis and researches within the field of duty and authority of the Agency. On the other hand, the analysis concerning the demands of institutions such as Prime Ministry Inspection Board, Assembly Investigation Commissions, Ministry of Finance Financial Crimes Investigation Board (MASAK), Public Prosecution Offices and other related institutions are among the activities conducted.

The audit groups monitor the developments occurring in financial markets from up-to-date sources and carry on their audit activities in line with risk-focused approach and guidelines which are parallel to international best practices.

Box 3-2: Risk Focused Supervision

Risk Focused Supervision (RFS), which the Agency adopted in the supervision activities, means to shape the supervision method, scope, time, intensity, allocation of supervision sources and supervision procedures by taking the existence of each bank's risk profile as well as internal supervision and risk management systems as a base. The expected benefits from RFS Approach:

- Increasing the efficiency and effectiveness of supervision function of the Agency,
- Realizing the supervision in dynamic and uninterrupted process,
- Complying with EU Directives and international standards,
- Determining the important changes in the risk profile as a result of the changes and complexity of the financial operations and products,
- Using new supervision techniques providing efficient supervision of the changing risk profiles of the banks,
- Taking precautions to manage risks and decrease the probability of its being a loss by defining, measuring and controlling the risks that banks carry (proactive supervision),
- Preventing the problems reoccur by focusing more on the causes than the results of the problems in banks,
- Keeping up with the changes experienced in the financial system,
- Decreasing the systemic risks,
- Increasing the endurance of the banks and the banking system against the crises by providing efficient internal supervision and risk management systems.

The aim of RFS is to make banks understand the levels and types of the risks they carry and control them. In risk focused supervision approach, the quality and efficiency of the risk management of the banks is more important than the risks they take as of a specific date.

RFS enables the Banking Regulation and Supervision Agency to allocate more resources to the areas where the risk is high. The Agency will realize this by;

- Determining the risks using the generally accepted risk definitions,
- Measuring the risks on base of general risk evaluation factors,
- Evaluating risk management systems to determine if the banks manage and control the determined risk levels adequately,

Institutions within the Scope of Supervision

There exists a total of 291 institutions (50 banks and 141 non-bank financial institutions) under the supervision of the Agency as of end-2008. Distribution of the institutions by type is as follows.

Table 3-4: Institutions Within the Scope of Supervision

Type of Institution	Number	
	2007	2008
Deposit Banks	33	33
Participation Banks	4	4
Development and Investment Banks	13	13
Leasing Companies	65	50
Factoring Companies	85	81
Consumer Financing Companies	9	10
Asset Management Companies	5	5
Audit Companies Licensed to Perform Financial Audit at	43	40
Audit Companies Licensed to Perform Financial and		
Audit Companies Licensed to Perform Information Systems		
Foreign Banks' Representative Offices	48	47
Total	313	291

As a result of the supervision activities during 2008, a total of 630 reports were prepared on compliance, financial structure and soundness, denunciation and complaint, risk assessment and other subjects. 114 of these reports were concerning non-bank financial institutions and 14 of them were concerning branch inspections. Detailed information on the reports prepared subsequent to various examinations conducted by audit teams in 2008 is as follows.

Table 3-5: On-site Supervision Reports

Reports	2007		2008	
	Number of Reports	% Distribution	Number of Reports	% Distribution
Risk Assessment	46	9,3	41	6,5
Compliance Supervision	138	28,0	264	41,9
Financial Safety and Soundness	46	9,3	52	8,3
Inspections on Denunciation and	27	5,5	76	12,1
Overseas Supervision	0	0,0	0	0,0
Subvention Loss Examination	1	0,2	1	0,2
Other Financial Institutions *	127	25,8	114	18,1
Other **	108	21,9	82	13,0
TOTAL	493	100	630	100

(*) Other financial institutions are comprised of factoring, leasing and consumer financing companies. On-site audit of 78 factoring, 36 leasing and 6 consumer financing companies were made in 2008.

(**) Of the number of reports belonging to 2008, 49 reports are about the supervision of banks' compliance with money laundering requirements, 14 reports are on branch examinations, 19 reports are related to miscellaneous issues.

Various reports are prepared weekly, two-weekly, monthly, quarterly, semi-annually and annually about banks and the industry on subjects such as market developments, deposit, loans, securities portfolio, derivatives, aggregated industry data, liquidity, exchange rate risk and stress tests. Accordingly, a total of 359 reports, some of which are Monthly Industrial Data Report, Weekly Report, Liquidity Report, Daily Liquidity Position Report, Deposit and Interest Rate Development Report and FX Net General

Position Report, were drawn up in 2008. Detailed information on the above mentioned reports is given on the following table.

Table 3-6: Consolidated Analysis and Macro Reporting

Report	Number of Reports	% Distribution	Preparation Period
Monthly Industrial Data Report	12	3,3	Monthly
Financial Statements	2	0,6	Quarterly
Weekly Report	45	12,5	Weekly
Development of Consumer Loans (1)	8	2,2	Monthly
Weekly Development of Consumer Loans	9	2,5	Weekly
Loans Report (2)	3	0,8	Monthly
Turkish Banking Sector Exchange Rate Evaluation Report	2	0,6	Semi-
Liquidity Report and Daily Liquidity Position (3)	88	24,5	Weekly/Daily
Macro Bulletin (4)	10	2,8	Two Weekly
Deposits and Interest Rates Development Report (5)	78	21,7	Weekly
Stress Testing Report	4	1,1	Quarterly
Development of Banking Sector Derivative Transactions Report	7	1,9	Monthly
FX Net General Position Report	26	7,2	Two-Weeklys
Report on Overseas Organizations of Banks Established in Turkey	2	0,6	Semi-annually
Securities Portfolio Report (6)	1	0,3	Semi-annually
Turkish Banking Sector Surveillance Report	2	0,6	Quarterly
Country Risk Report	1	0,3	Annually
Profitability Analysis Report	1	0,3	Annually
Report of Non-cash Loans Granted for Providing Cash and FX Loans Granted from Abroad	3	0,8	Quarterly
Potential Bad Loans Report	1	0,3	Semi-annually
Turkish Banking System Fundamental Indicators Presentation	12	3,3	Monthly
Other	42	11,7	
TOTAL	359	100	

(1) Taken under the scope of "Loans Report" as of October 2008.

(2) Started to be prepared as of October 2008.

(3) Taken under the scope of "Weekly Report" as of December 2008.

(4) Cancelled as of August 2008.

(5) Frequency of preparation of the report was increased as of the last quarter of 2008.

(6) Taken under the scope of "Surveillance Report" as of September 2008.

On the other hand, surveillance system based on call reports to monitor the leasing, factoring and consumer financing companies is being developed.

Other Activities

A study plan was prepared by the Department of Risk Management with the aim of implementing Basel 2 in our country, and studies were started relating draft regulations within this scope. According to this plan, the topics within the CRD (Capital Requirements Directive-EU implementation of Basel 2) which are left to the initiatives of supervisory authorities of each country were classified and shared with banks and

participation banks during meetings. In the determination of resolutions in scope of national discretions, official opinion will be taken from the related institutions.

Within the scope of analyzes related to supervision and surveillance activities, Basel 2 Progress Reports are being conducted by Department of Risk Management. Furthermore, publications of many authorities such as Committee of European Banking Supervisors, Bank for International Settlements and foreign supervisory authorities are followed and developments considered as important are analyzed in detail and published in Risk Bulletin. Reports regarding the recognition applications of rating institutions are prepared. Participation is ensured to several meetings and also trainings, as trainers, are provided related to the subject.

3.2.2.2 Information Systems Audit

The information systems audit of the institutions subject to Law Nr. 5411 is realized by independent audit institutions and the Department of Information Management of the Agency.

Information Systems Audit Activities Realized by Agency's Personnel:

The preparation studies of Information Systems Audit Guide to be used by Agency's personnel in the information systems audits to be realized in banks continued within 2008 and evaluation audits were realized in two banks within the framework of this audit guide. Studies related to audit guide will continue in 2009. Moreover, in order to meet the necessity of technical information appeared in the analyses made by the Agency's personnel, event-based information systems audit was realized in two banks. In 2009, the Agency's personnel will be encouraged to participate in training programs inside and outside the Agency to increase the knowledge and background.

Implementation Activities Related to the Process of Independent Information Systems Audit

Pursuant the amendments brought by the Regulation on Amendment to be made in the Regulation on Banking Regulation and Supervision Agency Organization, published in the Official Gazette Nr. 26803 dated March 1st, 2008, the implementation process related to information systems audit realized by independent audit institutions within the scope of the Regulation on Information Systems Audit to be Realized in Banks by Independent Audit Institutions are conducted by the Department of Information Management within the Agency.

First of all, the accordance of the reports related to information systems audit realized in banks within 2007 with the Communiqué on Report Format is evaluated. The deficiencies are grouped based on the independent audit company and if the report shall be renewed, the request is communicated to the independent audit company mentioned but also meetings with them are organized when it's necessary.

Within the scope of implementation activities, the findings within the reports are classified by their degree of importance and evaluations by banks are made. Following these evaluations, the opinions of banks related to the findings within reports and their action plans approved by the administrative bodies, improvements made are requested by banks. The plans sent by banks are analyzed and their acceptability and sufficiency are evaluated. Furthermore, a communiqué in which a standard method to

be used by independent audit institutions related to coding the findings appeared in information systems audit in a standard way and to ease their follow-up is given is prepared and put into force.

Within the framework of the third paragraph of the Article 26 of Regulation on Information Systems Audit to be Realized in Banks by Independent Audit Institutions, the related professional personnel participated in audit activities realized by independent audit institutions in banks, as audience, in different periods of 2008.

Within 2008, within the framework of Regulation on Information Systems Audit to be Realized in Banks by Independent Audit Institutions, an application of permission of a company relating to conduct independent information systems audit with the process of outsourcing was evaluated and concluded.

On the other hand, a restricted "Turkish Banking Sector Information Systems Evaluation Report" is prepared in the light of information, findings and determinations taking place in independent audit reports related to the year 2007 communicated to our Agency. In this report, numeric data and pointing matters relating to the banks' information technology departments and information systems audit profiles, implementation controls audit and general controls audit are evaluated and determinations are made related to the sector in general.

3.2.3 Enforcement Activities

Enforcement activities are gathered under two main titles; evaluation and enforcement transactions and establishment, authorization and license transactions. Within this scope, it executes the evaluation and enforcement activities of banks, financial leasing, factoring and finance companies as well as license transactions of Turkey representatives of foreign banks, institutions authorized to conduct independent audit in banks, asset management companies, institutions to provide valuation and rating services and card system institutions.

Pursuant to Articles 93 and 170 of the Banking Law Nr. 5411, supervision and surveillance of 83 financial leasing, 88 factoring, and 9 finance companies which were under the Undersecretariat of the Treasury were taken under the responsibility of our Agency as of January 01, 2006. In order to ensure the convenience of the activities of these companies to the provisions of the Regulation on the Establishment and Operations of Financial Leasing, Factoring and Finance Companies published in the Official Gazette dated 10/10/2006 and Nr. 26315, compliance activities which were initiated in end-2006 also continued in 2008. The procedures related with the said compliance activities comprise the delivery of the information and documents set by the Regulation by the companies to the Agency and the Agency's evaluation on whether the appropriate service units as well as internal control, accounting, data processing and reporting systems are formed in the companies, sufficient staff is employed for those units and task definitions, authority and responsibilities of the personnel is determined. Accordingly, there are 18 financial leasing, 50 factoring and 4 finance companies are adapted to the provisions of the Regulation by various-dated decisions of the Board in 2008, and the compliance activities are continuing.

Evaluation and enforcement activities as well as establishment, authorization and license transactions realized by the BRSA in 2008 are as follows.

3.2.3.1 Evaluation and Enforcement Activities

In evaluation and enforcement activities, measures required to be taken by banks and leasing, factoring and finance companies are determined by evaluating the information obtained as a result of the surveillance and on-site audit activities executed by Departments of Audit together with the information and documents received from institutions subject to supervision and independent audit companies and other persons and institutions. Evaluations relating to these measures are transferred to related institutions for the establishment of the necessary transactions; furthermore information is transmitted to Departments of Audit in order to be followed-up in surveillance and supervision transactions.

Accordingly, following the evaluation made on on-site supervision and off-site surveillance results and denunciation and complaints by the related departments; 19 offence reports were prepared regarding the persons who were determined to be responsible for various banks, factoring companies and unlicensed factoring operations and 15 persons' authority to sign in banks were abolished temporarily in 2008. Pursuant to the Law Nr. 5411 and the Law Nr. 5464, administrative fines were imposed on various institutions as; 129 on banks, 5 on financial leasing, and factoring companies, 30 on independent audit companies and 3 on asset management companies.

On the other hand, Coordination Committee, which was established within the scope of evaluation and enforcement activities, pursuant to the Law Nr. 5411 continued its studies.

Box 3-3: Coordination Committee

In the Article 100 titled “Coordination Committee” of the Banking Law Nr. 5411, it is foreseen that a coordination committee shall be established and composed of the Chairman and Vice-Chairmen of the Agency as well as the Chairman and Vice-Chairmen of SDIF.

According to the mentioned Article, this committee would be set up to ensure that maximum cooperation be established between the Agency and the Fund, with respect to the exchange of information regarding general status of the banking sector, measures to be taken as a result of the supervision of deposit banks, results of analyses indicating the financial standing of credit institutions to be used in calculating the risk-based insurance premiums, the number of deposit and participation fund accounts, total amount of the insured deposits and participation funds and the total amount of deposits and participation funds in these institutions. In the Law, it is stipulated that the committee shall convene minimum once every three months, at a frequency to be agreed by the parties and that any of the parties shall provide the information and documents requested by the other parties, within the period to be agreed on.

The Committee has realized four coordination meetings within 2008 (23/01/2008, 24/04/2008, 30/07/2008, 24/10/2008). In these meetings, information exchange was realized related to the general status of the banking sector, measures to be taken as a result of the supervision of credit institutions, calculation of risk-based insurance premiums, and transactions in the competency of the Fund.

3.2.4 Establishment, Authorization and Permission Activities

For the issues subject to permission for establishment, authorization and permission transactions determined in the Banking Law Nr. 5411 and related legislation, applications made to BRSA are examined, evaluated and concluded.

Within this framework; permissions for establishment, operating, share transfer, merger, transfer, opening up branch and representative offices are granted to banks as well as leasing, factoring and finance companies, transactions for capital increase demands of those institutions are matured, changes in articles of association, assignment of general manager and assistant general managers are evaluated within the scope of the Banking Law and related legislation Furthermore, transactions for authorization of institutions which will provide valuation, rating and independent audit services to banks as well as permission transactions for establishment of asset management companies are concluded. On the other hand, the documents concerning minimum requirements to be met by top management of the above-mentioned institutions as well as oath and declaration of property are monitored. Besides, the authorization transactions for the institutions within the scope of Act Nr. 5464 are carried out.

Activities realized in 2008 within the scope of establishment, authorization and permission activities are as follows.

Establishment and Authorization Activities

In 2008, 14 companies are granted establishment license and five companies are granted operating license. The institutions which are granted establishment and operating licenses are as follows.

Table 3-7: Companies Which are Granted Establishment and Operating License

Title of Company	Type of Activity	Date and Number of Board Resolution Relating to the Activity
LBT Varlık Yönetim A.Ş.	Establishment License	10/01/2008-2438
	Operating License	13/03/2008-2516
Saray Faktoring A.Ş.	Establishment License	27/03/2008-2545
	Operating License	18/09/2008-2822
Caterpillar Finansal Kiralama A.Ş.	Establishment License	27/03/2008-2546
First Factoring A.Ş.	Operating License	15/05/2008-2597
Enka Finansal Kiralama A.Ş.	Establishment License	15/05/2008-2600
DD Konut Finansman A.Ş.	Operating License	28/05/2008-2631
Asya Faktoring A.Ş.	Establishment License	12/06/2008-2648
İstanbul Finansman A.Ş.	Operating License	24/07/2008-2715
Standard Varlık Yönetim A.Ş.	Establishment License	07/08/2008-2738
Finans Tüketici Finansmanı A.Ş.	Establishment License	07/08/2008-2731
ING Faktoring A.Ş.	Establishment License	04/09/2008-2781
ING Finansal Kiralama A.Ş.	Establishment License	04/09/2008-2781
Huzur Faktoring Finansal Hizmetler A.Ş.	Establishment License	04/09/2008-2780
Mert Finans Faktoring Hizmetleri A.Ş.	Establishment License	16/10/2008-2851
Finans Faktoring Hizmetleri A.Ş.	Establishment License	25/12/2008-2960
Arena Faktoring Hizmetleri A.Ş.	Establishment License	25/12/2008-2961
Arena Finansal Kiralama A.Ş.	Establishment License	25/12/2008-2961

Furthermore, by the Board Resolution dated 13/11/2008 and Nr. 2885, Koç Tüketici Finansmanı A.Ş. is deemed appropriate to carry out housing financing activities pursuant to 38/A(2) of the Law on Capital Markets Nr. 2499 and the Board Resolution dated 07/06/2007 and Nr. 2204.

On the other hand, operating licenses of a total of 29 companies (19 financial leasing, 8 factoring, 1 consumer financing and 1 asset management companies) were revoked by Board Resolutions in 2008. The related information is as follows.

Table 3-8: Companies Operating Licenses of Which are Revoked

Title of Company	Date and Number of Board Resolution Relating to the Activity
Dinç Finansal Kiralama A.Ş. (*) (**)	14/02/2008-2474
Tepe Finansal Kiralama A.Ş. (***)	14/02/2008-2475
Tasfiye Halinde ADK Faktoring Finans Hizmetleri A.Ş. (****)	28/02/2008-2496
Tasfiye Halinde Ar Finansal Kiralama A.Ş. (****)	28/02/2008-2496
Tasfiye Halinde Şetat Finansal Kiralama A.Ş. (****)	28/02/2008-2496
Tasfiye Halinde Ferman Finansal Kiralama A.Ş. (****)	28/02/2008-2496
Tasfiye Halinde Barsan Finansal Kiralama A.Ş. (****)	28/02/2008-2496
Euro Factoring Alacak Alımı A.Ş. (**)	28/02/2008-2497
Pera Finansal Kiralama A.Ş. (*) (**)	27/03/2008-2541
Endeks Finansal Kiralama A.Ş. (**)	10/04/2008-2564
Pera Faktoring Hizmetleri A.Ş. (**)	17/04/2008-2571
Bayındır Faktoring Hizmetleri A.Ş. (*) (**)	17/04/2008-2572
Avrasya Faktoring Hizmetleri A.Ş. (**)	17/04/2008-2573
Avrasya Finansal Kiralama A.Ş. (**)	17/04/2008-2573
Prime Finansal Kiralama A.Ş. (***)	08/05/2008-2592
Köroğlu Finans Faktoring Hizmetleri A.Ş. (*) (**)	15/05/2008-2598
Destek Finansal Kiralama A.Ş. (***)	15/05/2008-2599
Gold Faktoring Hizmetleri A.Ş. (**)	26/06/2008-2668
Kurtuluş Finansal Kiralama A.Ş. (***)	03/07/2008-2682
Mengerler Finansal Kiralama A.Ş. (***)	03/07/2008-2681
Meksa Finansal Kiralama A.Ş. (***)	17/07/2008-2706
Merkez Finansal Kiralama A.Ş. (***)	24/07/2008-2714
Mersan Finansal Kiralama A.Ş. (**)	24/07/2008-2716
SL Finansal Kiralama A.Ş. (**)	24/07/2008-2716
Eko Finansal Kiralama A.Ş. (***)	31/07/2008-2724
Tasfiye Halinde Dari Finansal Kiralama A.Ş. (*) (****)	15/08/2008-2757
Uzel Tüketici Finansmanı ve Kart Hizmetleri A.Ş. (*) (**)	04/09/2008-2782
Safir Finans ve Factoring A.Ş. (**)	08/10/2008-2835
Ege Varlık Yönetim A.Ş. (*****)	13/11/2008-2890

(*)Revoked pursuant to the Article 29(1) of the Regulation on Establishment and Operation Principles of Leasing, Factoring and Finance Companies.

(**)Operating licenses are revoked in accordance with Provisional Article 1(4) of the Regulation.

(***) Operating licenses are revoked in accordance with the companies' own demands.

(****)Operating licenses are revoked since they are under liquidation.

(*****)Revoked pursuant to the Article 15(1) of the Regulation on Establishment and Operation Principles of Asset Management Companies.

Furthermore, four independent audit companies are granted authorization to conduct independent audit at banks. Subsequent to the Provisional Article 1 of the Law Nr. 5464, the adaptation of Bankalararası Kart Merkezi A.Ş. (Interbank Card Center), Kredi Kayıt Bürosu A.Ş. (Credit Bureau) and Visa Europe Services Incorporated to the amendment in the relevant regulation is deemed appropriate. In addition, it is deemed appropriate that Visa Europe Services Incorporated continue its current activities as a representative office.

On the other hand, six companies of which licenses to conduct independent audit at banks were revoked by Board Resolutions in 2008 are as follows.

Table 3-9: Companies License to Conduct Independent Audit at Banks of which are Revoked (*)

Title of the Company	Date and Number of Board Resolution on the Activity
ICS Bağımsız Denetim Serbest Muhasebeci ve Mali Müşavirlik A.Ş.	28/02/2008 - 2499
Tanım Yeminli Mali Müşavirlik A.Ş.	27/03/2008 - 2544
Ergin Uluslararası Denetim ve YMM A.Ş.	11/09/2008 - 2803
Seçkin Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.	
Arılar Bağımsız Dış Denetim A.Ş.	16/10/2008 - 2843
Rapor Yeminli Mali Müşavirlik A.Ş.	

(*) In accordance to the demand of the companies, it is deemed appropriate that their operating licenses be revoked.

Information on 52 institutions and authorization demands submitted to the BRSA throughout the year and evaluated presently are displayed in the table below.

Table 3-10: Establishment and Authorization Demands under Evaluation

Company and Type of Operation	2007	2008
Establishment /Authorization Applications for Financial Leasing Companies	3	2
Establishment /Authorization Applications for Factoring Companies	19	12
Establishment /Authorization Applications for Finance Companies	4	3
Establishment /Authorization Applications for Independent Audit Companies	11	2
Authorization Application for Housing Finance	12	13
Authorization Applications for Valuation Companies	5	11
Authorization Applications for Rating Companies	3	3
Establishment / Authorization Applications for Asset Management Companies	2	-
Authorization Applications for Card System Companies	4	-
Opening of Foreign Bank Representative Office	5	3
Applications of Banks Established Abroad to Open Branches in Turkey	-	1
Bank Establishment Application	-	2
TOTAL	68	52

Permission Transactions

Permissions for Share Transfers, Merger and Transfers

Various share transfers, mergers and transfer operations are granted permission in 2008 by the following Board Resolutions pursuant to related legislation provisions.

1. By the Board Resolution dated January 31, 2008 and Nr. 2460; it is deemed appropriate that the indirect share of Arison Holdings Ltd., shareholder of Bank Hapoalim B.M. by 16.44% which owns 100% of Tarshish-Hapoalim Holdings and Investments Ltd., shareholder of Bankpozitif Kredi ve Kalkınma Bankası A.Ş. by 57.55% in the Bank be increased to 14.15% subsequent to the Article 18 of the Law Nr. 5411.
2. Pursuant to the Board Resolution dated February 28, 2008 and Nr. 2489, it is deemed appropriate according to the Article 18 of the Law Nr. 5411 that;

- The direct share of National Commercial Bank in Türkiye Finans Katılım Bankası A.Ş. increase to 60 per cent from 0 per cent while the indirect share of Kamu Yatırım Fonu (The Public Investment Fund) in the Bank be increased to 41.57 per cent from 0 per cent,
 - Direct and indirect share of Murat Ülker and Ahsen Özokur in the Bank and indirect shares of Ülker Group, Boydak Group, Sabri Ülker, Fatma B. Ülker, Orhan Özokur, Yıldız Holding, Hacı Mustafa Boydak and Huriye Boydak in the Bank be decreased to the levels designated in the legislation.
3. Pursuant to the Board Resolution dated March 13, 2008 and Nr. 2521, share of Damla Cingilloğlu in Bankpozitif Kredi ve Kalkınma Bankası A.Ş. by 38.15 per cent be decreased to 31.45 percent according to the Article 18 of the Law Nr. 5411.
 4. Pursuant to the Board Resolution dated June 12, 2008 and Nr. 2654, it is granted permission according to the Article 18 of the Law Nr. 5411 that Ortadoğu Sanayi Tekstil San. Tic. A.Ş. to take over A group share by TRY 2.590.160 from current shareholders of Asya Katılım Bankası A.Ş.
 5. Pursuant to the Board Resolution dated September 4, 2008 and Nr. 2795, it is determined to be granted permission according to the Article 18 of the Law Nr. 5411 for rates of indirect shares of Feyyaz Berker, Alev Berker, Necati Akçağlılar, Cansevil Akçağlılar, Ali Nihat Gökyiğit and Ali Nihat Gökyiğit Yatırım Holding A.Ş. in TST International Finance S.A. be decreased below the rates defined in the Article 18(1) of the Law Nr. 5411 which resulted in the fact that 34.5 per cent of Tekfen Holding A.Ş. opened to public and for shareholding that arose due to the non-liquidated dissolution following the merger with Teknik Servis and Ticaret A.Ş. 6. 6.
 6. Pursuant to the Board Resolution dated October 16, 2008 and Nr. 2847, it is granted permission according to the Article 18 of the Law Nr. 5411 that;
 - Direct share of Tekfen Holding A.Ş. which is qualified shareholder in Eurobank Tekfen A.Ş. Eurobank Tekfen A.Ş. be increased to the level of 29.12 percent from 5.89 per cent, while indirect share be decreased to 0 percent from 23.23 per cent,
 - Direct share of TST International Finance S.A. in Eurobank Tekfen A.Ş. be decreased to 0 per cent from 23.23 per cent,
 - The shares that TST International Finance S.A. owns in Eurobank Tekfen A.Ş. by 23.23 per cent to be taken over by Tekfen Holding A.Ş. that resulted in indirect share of TST Investment Holding S.A. in Eurobank Tekfen A.Ş. be decreased to 0 per cent from 23.23 per cent.
 7. Pursuant to the Board Resolution dated November 13, 2008 and Nr. 2892; it is deemed appropriate according to the Article 18(1) of the Law Nr. 5411 that indirect shareholding of Murat Ülker who failed to participate in cash capital increase as a result of the fact that the capital of Türkiye Finans Katılım Bankası A.Ş.

is increased to TRY 800.000.000. - from TRY 292.046.704.- be decreased to 7.01 per cent from 10.19 per cent.

8. Pursuant to the Board Resolution dated December 25, 2008 and Nr. 2965, concerning ABN AMRO Bank N.V. İstanbul Branch to be headquartered in Amsterdam; as a result of the purchase of the entire sum of issued capital of ABN Amro Holding N.V. by the consortium (RFS Holdings B.V.) established between Royal Bank of Scotland (RBS), Fortis N.V.-Fortis S.A./N.V. and Banco Santander Hispano S.A. it is deemed appropriate according to the Article of the Law Nr. 5411 that ABN AMRO Bank N.V. İstanbul Branch to be headquartered in Amsterdam and ABN Amro Finansal Kiralama A.Ş. to conduct their activities in Turkey under the direct or indirect shareholding/control of RBS.
9. Pursuant to the Board Resolution dated December 25, 2008 and Nr. 2955 it is deemed appropriate that;
 - Dubai Financial Group LLC to purchase 58.57 per cent of the shares of TAIB Bank B.S.C. (c) which owns 99.2 per cent of TAIB Yatırımbank A.Ş. and to acquire a share by 58.1 per cent, indirectly,
 - Following the said share transfer, Dubai Investment Group LLC among Dubai Financial Group LLC partners to own indirect shares in TAIB Yatırımbank A.Ş. by 57.52 per cent, Dubai Group LLC by 29.33 per cent, Dubai Holding Investments Group LLC by 14.96 per cent, Dubai Holding LLC by 14.91 per cent, Dubai Investment Group Limited (Cayman) by 28.76 per cent, Dubai Group Limited (Cayman) by 43.14 per cent, HSBC Trust by 43.14 per cent and Sheikh Mohammed bin Rashid Al Maktoum by 56.58 per cent.
10. Pursuant to the Board Resolution dated April 10, 2008 and Nr. 2565, the share of Doğuş Çelik Cıvata Sanayi A.Ş. by 88.70 per cent in Atlas Finansal Kiralama A.Ş. to be taken over by the Savings Deposit Insurance Fund is deemed appropriate according to the Article 13 of Regulation on Establishment and Operating Principles for Leasing, Factoring and Finance Companies.
11. Pursuant to the Board Resolution dated July 03, 2008 and Nr. 2683, share transfers that resulted in the fact that the control of Bica Holding A.Ş. which is majority shareholder of Başer Faktoring A.Ş. changing hands deemed appropriate according to the Article 13 of Regulation on Establishment and Operating Principles for Leasing, Factoring and Finance Companies.
12. Pursuant to the Board Resolution dated August 7, 2008 and Nr. 2746, share rate of Atilla Başer in Başer Faktoring A.Ş. being increased to 12.48 per cent from 0.60 percent is deemed appropriate according to the Article 13 of Regulation on Establishment and Operating Principles for Leasing, Factoring and Finance Companies.
13. Pursuant to the Board Resolution dated September 4, 2008 and Nr. 2783, it is deemed appropriate according to the Article 13 of Regulation on Establishment

and Operating Principles for Leasing, Factoring and Finance Companies that 21.75 per cent of the shares of Endeks Factoring ve Finansman A.Ş. be transferred to Mehmet Halit Kılıç and 68.25 per cent be transferred to the other seven natural persons, 9.15 percent each.

14. Pursuant to the Board Resolution dated October 16, 2008 and Nr. 2853, it is deemed appropriate according to the Article 13 of Regulation on Establishment and Operating Principles for Leasing, Factoring and Finance Companies that the entire shares of Anadolubank A.Ş. which owns 99.92 per cent of a share in Anadolu Finansal Kiralama A.Ş. be transferred to Habaş Petrol Ürünleri Sanayi ve Ticaret A.Ş.; the entire shares of Habaş Petrol Ürünleri Sanayi ve Ticaret A.Ş. which owns 99.99 per cent share in Anadolu Faktoring Hizmetleri A.Ş. be transferred to Anadolubank A.Ş.
15. Pursuant to the Board Resolution dated November 13, 2008 and Nr. 2883, it is deemed appropriate to give permission pursuant to the Article 13 of Regulation on Establishment and Operating Principles for Leasing, Factoring and Finance Companies that the shares Eksen Holding A.Ş. owns in Kent Faktoring A.Ş., Kent Finansal Kiralama A.Ş., Süzer Faktoring A.Ş. and Süzer Finansal Kiralama A.Ş. be transferred to Ali Baran Süzer.
16. Pursuant to the Board Resolution dated December 4, 2008 and Nr. 2935, it is deemed appropriate pursuant to the Article 13 of Regulation on Establishment and Operating Principles for Leasing, Factoring and Finance Companies that 141.670 of the shares of Servet Ayrik in Seray Faktoring A.Ş. be transferred to Gülşen Ayrik and 2.000 of them be transferred to Mehmet Emrah Bayram.

Permissions for Partial Splits

Pursuant to the Board Resolution dated March 27, 2008 and Nr. 2547, it is deemed appropriate that TRY 7.295.152,33.- belonging to Abisa Gıda Mad. Depolama ve Ticaret A.Ş. included in 242 Subsidiaries item in the balance-sheet of Kapital Faktoring Hizmetleri A.Ş. dated September 30, 2007, TRY 10.611.406,56.- belonging to Faal İnşaat Ticaret ve Sanayi A.Ş. included in 245 Affiliates item be excluded off the asset by means of partial split and be transferred to the company titled as Mos Yatırım Danışmanlığı ve Dış Ticaret A.Ş. in order to form capital-in-kind, subsidiary shares be distributed to the current partners of the Company, new issue of capital be made due to partial split and partial split transaction considered to be made through capital increase by TRY 17.906.558,89.- from the Extraordinary Reserves account of the balance-sheet of the Company simultaneously with this decrease.

Voluntary Liquidation

Pursuant to the Board Resolution dated November 13, 2008 and Nr. 2893; subsequent to the Article 20 of the Law Nr. 5411 and the Article 5 of the Regulation on Voluntary Liquidations of Banks, it is decided that the activities of Unicredit Banca Di Roma S.p.A. to cease the activities of İstanbul Branch to be headquartered in Rome and the

voluntary liquidation be permitted, legal procedures concerning liquidation proceedings of the bank continue presently.

Permissions for Off-Shore Operations, Representative Office and Branch Openings, Registrations

In 2008, permissions were granted to four banks to acquire subsidiary and one bank to open representative offices abroad. Pursuant to the Board Resolution dated August 7, 2008 and Nr. 2742, it is granted permission that T.C. Ziraat Bankası A.Ş. Tiflis Branch is closed and all its assets and liabilities be transferred to the bank to be established newly and titled as “Ziraat Bank Georgia JCS”.

On the other hand, three bank representatives Denizbank A.G., Clariden Leu Ltd., Deutsche Bank A.G.) were closed, a foreign bank representative (American Express Bank Ltd.) was merged with another bank representative (Standart Chartered Bank Plc.) in 2008. Furthermore, license to open representative office granted to Tajikistan originated Open Joint Stock Company Orienbank in 2007 were terminated for not coming into activity during period.

The demands of two banks established abroad for opening representative offices in Turkey were deemed appropriate in 2008 and the data related with said bank representatives are as follows.

Table 3-11: Banks Established Abroad which are Granted Permission to Open Representative Offices

Name of Bank	Country of Origin	Date and Number of Board Resolution on opening Representative Offices	Date of Going Into Operation of the Representative Office
The Bank of Nova Scotia	Canada	12/06/2008 - 2649	27/06/2008
Bank Julius Baer&Co. Ltd.	Switzerland	24/07/2008 - 2719	18/09/2008

On the other hand, pursuant to the Article 8 of the Law on Financial Leasing, financial leasing contracts of the financial leasing company which is resident abroad is registered by the Agency in case it does not have any branch in Turkey. Accordingly, leasing contract on which 43 aircraft is included were registered by the Agency in 2008.

3.2.5 Legal Affairs Activities

Pursuant to the Article 20 of the Organization Legislation of the Agency, In 2008, activities of representing the Agency before judicial and administrative authorities/courts and bailiff's offices with the aim of following up, defending and settling down all the legal conflicts which BRSA is a party and all transactions belonged to BRSA, giving legal opinions and answering notifications and complaints submitted to Agency were ongoing.

The information related to the filed lawsuits against/by Agency is submitted in the table below on the basis of their nature.

Table 3-12: Lawsuits Related to Agency

Lawsuits	2007		2008	
	Number	Per cent	Number	Per cent
Lawsuits	26.151	98,6	26.201	98,6
Concerning T. İmar Bankası T.A.Ş	23.900	91,4	23.902	91,2
Concerning Demirbank T.A.Ş	1.921	7,3	1.973	7,5
Other administrative lawsuits	330	1,3	326	1,3
Criminal Lawsuits	162	0,6	168	0,6
Civil Lawsuits	210	0,8	206	0,8
Total Lawsuits	26.523	100,0	26575	100,0
Total Pending Lawsuits	26.474		26454	
Finalized Lawsuits	49		121	

As it can be seen in the table, 98.6% of the filed lawsuits against/by BRSA are administrative lawsuits. As it is known, this situation emanates from the full remedy actions filed for the demand of the settlement of the losses claimed to be suffered due to the sale of treasury bill and deposit transactions realized by T. İmar Bankası T.A.Ş whose license to operate banking activities and accept deposit was terminated and the actions filed by the small shareholders of Demirbank T.A.Ş. The rest of administrative lawsuits are composed of actions for annulment and full remedy administrative decisions taken by the Agency or the Board according to the banking legislation as well as general legislation. On the other hand, the criminal actions brought as a result of criminal complaints of the Agency and civil actions for or against the Agency were also followed.

Within the scope of the function of delivering legal opinion in legal matters determined in the Regulation on the Organization of the Banking Regulation and Supervision Agency Article 20(d), 167 legal opinions were delivered to the related units of the Agency and several public institutions. Within this framework, the number of legal opinions delivered to regulation and enforcement units was 95 (57% of total). Additionally, 41 legal opinions (24% of total) were delivered related to strategy, information management and support services units and these legal opinions vary from the memorandum of understandings signed between the Agency and foreign supervision and surveillance authorities to problems encountered related to personnel regimes. Within this period, 15 legal opinions (9% of total) were delivered to supervision units. In the same period, the number of legal opinions delivered to related public institutions is 16 (10% of total). Furthermore, 326 writs coming from various courts were answered.

On the other hand, the requests and complaints attained to the Agency concerning the institutions and matters within the scope of Act Nr. 5411 and the resolution of conflicts which may arise from outside the scope of civil law between institutions subject to the Act and third parties were analyzed. Consequently, 2.803 demands and complaints submitted to the Agency personally, or via telephone or e-mail were processed. The distribution of the notifications and complaints by subjects is as follows.

Table 3-13: Distribution of the Notifications and Complaints Submitted to the Agency by Subjects

SUBJECTS	2007		2008	
	Number	% Share	Number	% Share
ATM Problems	-	-	42	1,5
Departments and Legal Entity of the Agency	32	1,7	27	1,0
Consumer Loans	266	14,5	528	18,8
Problems Emanating from Cheques	52	2,8	85	3,0
Government Securities	48	2,6	10	0,4
Corporate Loans	10	0,5	122	4,4
Interest, Expense and Commission	145	7,9	117	4,2
Non-Cash Loans	23	1,3	29	1,0
Transfer Transactions	15	0,8	26	0,9
Shares	18	1,0	28	1,0
Notices	30	1,6	24	0,9
Liquidation of İhlas Finans A.Ş.	49	2,7	22	0,8
Internet Banking	68	3,7	28	1,0
Job Demands	3	0,2	3	0,1
Improper Treatment by Bank Personnel	11	0,6	37	1,3
Credit Cards	585	31,8	939	33,5
Demands of Tribunal Court Prosecution/Leg.Auth.	10	0,5	31	1,1
Property Researches	26	1,4	20	0,7
Deposit Accounts	177	9,6	318	11,3
Deposit Insurance	6	0,3	5	0,2
Prb. About Negative Qualified Loans	55	3,0	104	3,7
Off Shore	17	0,9	4	0,1
Special Law/Contractual Bank Practices	3	0,2	11	0,4
Pledge/Mortgage Problems	10	0,5	8	0,3
Units and Legal Entity of the SDIF	2	0,1	9	0,3
Other Subjects	177	9,6	226	8,1
TOTAL	1.838	100,0	2.803	100,0

When the complaints delivered to the Agency are observed by subject, it is seen that the most intensive ones are those related to credit cards. The Agency does not intervene to the conflict, unless the matters do not violate the mandatory provisions of the Banking Law Nr. 5411 and Bank and Credit Cards Act Nr. 5464. The distribution by subjects of the complaints about credit cards by subjects is given in the Table below.

Table 3-14: Distribution of Complaints Concerning Credit Cards

SUBJECTS	2007		2008	
	Number	% Share	Number	% Share
Claims for Re-Structuring of the Debt	32	5,5	61	6,5
Stolen/Loss/Fraud	31	5,3	26	2,8
Campaign	-	-	13	1,4
Credit Card Fees and Commissions	216	36,9	275	29,3
Not Giving Credit Card/POS Machine	13	2,2	25	2,7
Non-Canceling the Card Despite the Client's Demand	91	15,6	93	9,9
Limit Excess	-	-	8	0,9
Arrangement of Card Without Informing the Client	37	6,3	86	9,2
Customer Secret	-	-	2	0,2
Insurance Problems	-	-	33	3,5
High Default Interest	57	9,7	65	6,9
Other	108	18,5	252	26,8
TOTAL	585	100,0	939	100,0

The processes made to the Agency relating on the requests done within the scope of the provisions of Act on Right of Obtaining Information Nr. 4982 are presented in the Table below.

Table 3-15: Requests Submitted to the Agency within the Scope of Act on Right of Obtaining Information

RESULT OF THE APPLICATION	2007		2008	
	Number	% Share	Number	% Share
Applications in which Information or documents are accessed totally	1232	28,4	485	10,2
Applications in which information or documents are accessed partially	319	7,4	156	3,3
Applications Denied	2716	62,7	4101	86,1
Applications in which information or documents are achieved by annulling/separating the confidential/hidden	-	-	-	-
App. Oriented to Other Ins. and Establishments	67	1,5	21	0,4
Applications Subject to Jurisdiction After Denying	-	-	-	-
TOTAL	4334	100,0	4763	100,0

3.2.6 Strategy Development Activities

3.2.5.1 Activities about Strategy and Policies

In strategy and policies respect, Guide to Main Strategy and Policies, which aims the strategies and policies composed in various levels for the assigned position of the Agency according to efficiency, cooperation, professionalism, transparency and accountability principles are followed, implemented and reported by the competent authorities effectively and efficiently, continues to be published and is developed in form and content.

Financial Sector Commission, which was built to provide information, cooperation and coordination among institutions, make suggestions on common policy and deliver opinion on subjects relating to the future of finance sector in order to establish reliability and stability as well as development in financial markets, held two meetings in 2008. The Commission majored its studies in 2008 on determining the framework concerning common activities of member institutions, developing mechanisms to provide cooperation and coordination, global developments and their reflections on Turkish financial sector and achieving global international competitive power for banking sector, reviewing and decreasing factors that prevent banking sector to operate profitably, productively and rationally.

In strategy and policies respect in 2009 it is planned that “BRSA Strategic Plan (2009–2011)” studies are completed and the Plan along with all its elements is realized and studies relating to primary policy subjects according to Financial Sector Commission are worked out and reports are prepared.

Box 3-4: Financial Sector Commission

Financial Sector Commission (FSC) which was established pursuant to the Article 99 of the Banking Law Nr. 5411 is responsible to provide information, cooperation and coordination among institutions, make suggestions on common policy and deliver opinion on subjects relating to the future of finance sector in order to establish reliability and stability as well as development in financial markets. FSC; is composed of Agency, Ministry of Finance, Turkish Treasury, Central Bank of the Republic of Turkey, Capital Markets Board of Turkey, Savings Deposit Insurance Fund, Turkish Competition Authority T.R. Prime Ministry State Planning Organization, Istanbul Gold Exchange, Security Exchange, Futures and Options Exchange as well as representatives of institutions. Subsequent to the Banking Law, it is provisioned that the Commission gathers at least once in six months and inform the Council of Ministers on the results of the meeting.

Agenda of the stated meeting of the Commission dated May 28, 2008 is determined as follows;

1. Evaluation of risk oriented developments and global outlook,
2. Discussing the Framework Text Draft Concerning the Common Activities of Financial Sector Commission Member Institutions,
3. Determining 2008 work plan of the Commission.

Stated meeting of the Commission dated November 28, 2008 was held by the agenda as follows;

1. Evaluation of developments concerning financial sector,
2. Evaluation of the reflections of global developments on Turkish financial sector as well as the proposals submitted in order to strengthen reliability and stability in financial markets,
3. a. Reviewing and decreasing the factors preventing the banking sector to achieve international competitive power and to operate profitability, productively and rationally,
b. Evaluation of the developments in the projects on establishing mechanisms to provide cooperation and coordination among related institutions according to FSC, which falls under the assigned position of FSC according to 2008 Program.
4. Evaluation of policy priorities and measures included in 2009 Program and which falls within the assigned position of FSC.

In strategy and policies respect in 2008 it is planned that “BRSA Strategic Plan (2009–2011)” studies are completed and the Plan along with all its elements is realized and studies relating to primary policy subjects according to Financial Sector Commission are worked out and reports are prepared.

3.2.5.2 Corporate Process and Quality Management Activities

According to corporate process and quality management activities, studies on job definitions of the Agency and determination of work and transaction flows are mainly completed.

3.2.5.3 Research and Analysis Activities

Within the scope of research and analysis activities, working communiqué titled as “CRD/Basel 2 Country Implementations” was published as well as the working communiqués titled as “Global Financial Structure and 2007 Fluctuations” and “USA Mortgage Crisis” including the developments experienced in global financial markets and analysis of the effects of the said developments on some selected countries. Furthermore, global financial crisis, general economic conjuncture and annotations on Turkish banking sector and presentations were prepared. In 2009, publication of working communiqués on the approaches of European Union and England to global financial crisis is planned.

3.2.5.4 Monitoring/Evaluating Economies and Financial Markets

Within the scope of the studies for monitoring the developments in national and international economies and real and financial sectors, determining and evaluating the risks the said developments on banking sector, preparation of periodicals as well as annotations also continued in 2008.

The “Financial Markets Report”, which was started to be published according to the Article 97 of Law Nr. 5411 and including important developments in the financial sector and the performances of banks and leasing, factoring and financing companies, kept being published with a more enhanced content. In the Report published quarterly, economic developments, an evaluation of financial sector and a risk analysis of banking sector were included with their main features, the scopes of analysis and observations related with the risk level of the banking sector were expanded. In 2007, four Reports were published and announced to public by the internet.

In addition to the Financial Markets Report, and according to the Article 97(3) of Law Nr. 5411, second edition of the “Structural Developments in Banking” including the assessments of developments having structural quality occurred in banking sector and non-bank financial sector was published. With this publication which is the supplementary of Financial Markets Report, it is aimed to monitor and evaluate; the general market structure, intermediation activities, restructuring process, integration to foreign markets and especially to the EU, the indicators related with the capacity of sector and strategies and policies affecting the sector in the Turkish banking sector.

In addition to monitoring and evaluating the developments in national and international economies and financial markets; many presentations, speeches and annotations were prepared especially on the developments in the global markets and in banking sector, risk developments, mortgage, consumer loans, credit cards, foreign capital inflow to the sector and investment preferences of domestic and foreign residents.

3.2.5.5 Project Activities

Within the scope of Annual Program in 2008, activities foreseen by the Government to be executed under the responsibility of our Agency were projected and conducted. Accordingly; projects on (1) achieving global international competitive power for banking sector, reviewing and decreasing factors that prevent banking sector to operate profitably, productively and rationally, (2) developing common projects for strengthening cooperation and coordination of the Agency with institutions and professional societies and associations, (3) establishing mechanisms to provide cooperation and coordination among related institutions within the scope of FSC, (4) preparing an emergency action plan for any systematic risk which may arise in banking sector and determining the measures to be taken relating to risk management and (5) preparing financial services guide were put into practice.

In order the banking sector to achieve international competitive power and to review and decrease the factors preventing to operate profitability, productively and rationally; studies on decreasing transaction and intermediary costs by determining them, removing competition obstacles the institutions subject to supervision by establishing cooperation between related institutions and developing policies for financial system to increase international competition strength were initiated. Hence; a working group was established under the Chairmanship of our Agency, "competition questionnaire" was drawn up in order to be included in the report the working group shall prepare. Within the scope of the project, furthermore, studies on the publication titled as "Increasing Competitive Power in Turkish Banking Sector" continue.

It is agreed that meetings to be held in order to strengthen cooperation and coordination of the Agency with institutions and professional societies and associations and a common platform which is supported with an electronic portal to be established under the leadership of the Agency. A framework draft on the working procedures and principles for the platform foreseen to establish working groups on subjects such as regulations, innovations, common problems, professional matters and education concerning sector have been prepared and submitted to the opinions of the said institution association/unions and professional societies.

In order to establish mechanisms to provide cooperation and coordination among institutions within FSC, Framework Text Draft by which procedures and principles for determining common studies was discussed in the first meeting of 2008 and reviewed in the light of opinions, suggestions and expectations in the meeting. It is planned that the final draft regulating the principles, definitions and subjects that shall be available in the portal to be established to be examined to be discussed in the first meeting of the Commission in 2009.

Two studies were executed including scenario analysis so as to ensure an emergency action plan for any systematic risk which may arise in banking sector to be prepared and the measures that may be taken against possible negativities which may arise due to developments in international financial markets to be discussed by related institutions within the scope of various alternatives and the said studies were submitted to related institutions. It is aimed that the studies would be completed in 2009.

In order to prepare financial services guide and to establish systems to meet the problems stem from the services the customers received within institutions on time, “Informing Customers Project” initiated for informing the customers by the Agency were completed in cooperation with the related institutions. Within the scope of the Project, a guide was prepared for customers and the established “Customer Section” web-site is in testing stage.

3.2.7 Information System Activities

3.2.7.1 Banks and Non-Bank Financial Sector Reporting System

Banks Surveillance System Reporting Package and Ratio Set: In 2008, a new form was included in the Reporting Package and participation and investment banks were required to submit two forms which formerly received from participation banks, financial leasing and factoring companies. Some of the financial statements received from deposit and participation banks by different fund coding were combined in one form so as to simplify its usage in the analysis of the users. Furthermore, some of the forms which are not received collectively were combined in the database of the Agency and brought into the use. Within the scope of the updates and changes, necessary updates were conducted in B-Pera (Bank Performance Analysis) and BAFPER (Bank Financial Performance Report Practice). In order to execute efficient surveillance and supervision of the banks, 22 new ratios were included in the banking ratio set which has been being prepared and brought into use since 2005. In addition to this, studies on 41 financial soundness indicator (FSI) ratio were completed and the ratios shall be available after been completed the studies on calculating ratios in the first quarter of 2009.

Non-Bank Financial Institutions Reporting Set and Ratio Set: Following the Uniform Chart of Accounts entered into force, new forms began to be received and cross checks were developed among forms. Studies on preparing ratio set by the assistance of new reporting set for non-bank financial institutions were initiated and the priority in the studies were given to FSI ratios and FSI ratios that may be produced for non-bank financial institutions were mainly completed. Excluding FSI ratios, studies on expanding and enriching non-bank financial institutions ratio set regarding banks ratio set included in the database of our Agency continue.

Asset Management Companies Reporting Set: So as to represent the general outlook concerning financial system in the most realistic way, it is decided that loans (by customers) and relations with financial sector forms to be received quarterly order to analyze balance-sheet and profit/loss table from asset management companies as well as extended loans by customers in detail and to monitor debt receivable relation with the financial sector and studies concerning the subject were initiated. Hence, the first reporting period concerning the said forms is determined as December 2007.

Financial Holding Companies Reporting Set: Pursuant to the provisions of the Article 8 of the Regulation on Financial Holding Companies which was prepared upon the Articles 78 and 93 of the Banking Law, three forms were prepared regarding the fact that Financial Holding Companies (FHC) are obliged to calculate consolidated own-fund, and this own-fund is subject to various limitations and that FHC are also obliged to calculate and implement loan limits according to the provisions of the Article 10 of

the Regulation. The said forms began to be reported quarterly to our Agency since December 2007 reporting period.

Abroad Subsidiaries Reporting: One form included in abroad reporting set and which creates information repetition was ceased to be received since September 2008 period, forms which requires updates was reviewed and necessary corrections and changes were made. Abroad subsidiaries and branches reporting which was not demanded from participation banks earlier have begun to be received since September 2008 period in a new form package.

Information Sharing with Central Registry Agency: Changes were made on the form received in accordance with analyzing ownership structure and calculating foreign capital share in banking sector. Accordingly, additional information is procured monthly on foreign share in publicly-held stocks which is received from Central Registry Agency concerning the banks of which shares are traded in ISE. Furthermore, related reports which are received via e-mail have direct access by an application of Central Registry Agency called Mevitas.

Collective Work Carried out with Turkish Statistical Institute (TSI): Personnel participated in working groups which were formed so as to identify the necessary measures to be taken for determining to what extent the activities foreseen within the scope of 2007–2011 Official Statistics Program which began to be implemented pursuant to Cabinet Decision which was published in the Official Gazette dated December 30, 2006 and Nr. 26392 and overcoming defects. Within the scope of the Program, statistics produced under the responsibility of our Agency were published in accordance with the 2008 National Data Publication Calendar and the Calendar has been updated so as to display in what way and when the data shall be published. On the other hand, fundamental financial statements concerning 2007 and 2008 were regularly shared with TSI in order to be used in gross domestic product studies by all bank groups and financial leasing and factoring companies. Personnel participated in working groups which were formed so as to participate in translation and adaptation studies of the 2008 version of “Statistical Classification of Products According to Activity in the European Economic Community (CPA)” conducted by TSI.

Procuring Information on the Studies of International Monetary Fund Concerning “Financial Soundness Indicators” and Including “Financial Soundness Indicators” Set to Banking Sector Ratio Set: A financial ratio set was prepared under the name of financial soundness indicators by the International Monetary Fund in order to determine strong or fragile aspects of financial sector in world basis and develop proper policies in the light of this information. In the structure of our Agency, studies on calculating the ratios in financial soundness set for banking sector are about to be concluded. When the studies are completed, it is aimed that the necessary system sub-structure is ready for the said criteria which is designed to be a standard evaluation set in international field to be included both in the process of evaluation of banking sector of our country and the procurement of information demands to be required in the future by the IMF. In 2009, data concerning financial soundness indicators shall be sent to the IMF beginning from the end of 2008 data.

Early Warning System: New charts were designed for the administrator version of the Early Warning System which has been presented to the use of our Agency since

February 2007. Studies conducted accordingly were largely completed, charts designed for administrator version are planned to be put into use in the beginning of 2009.

FINTURK – Financial Turkey Map: Geographic distribution of deposit and loans which is the most important resource and supply item of the banking sector is available in the web-site of our Agency as of June 6, 2008 by means of “FINTURK – Financial Turkey Map” application in 6-months periods beginning from December 2007. The said application enables access to information and ratios both on city basis, bank-bank group-sector basis and on map and in Excel format having regard to bank/branch code information and standard abroad branch codes used in reporting set. Users may access to information on distribution of loan and deposit on city and person basis, various rates which enable credit performance to be evaluated by cities, distribution of consumer loans sectoral loan distribution and distribution of branches in city basis by means of FINTURK application. Studies continue on updating the said application according to user expectations and needs, access to new information to be presented to public in reporting including branch code information is planned to be acquired.

Vintage Analysis: Vintage analysis studies which enables to analysis the periods of non-performing loans were initiated in May 2008. Having regard to the convenience of database, vintage analysis guide is prepared on the basis of agreed criteria. The said application is in software stage and is planned to be completed in 2009.

Bank Reporting Performance Evaluation and Fine Imposition: Pursuant to the “Communiqué on the Procedures and Principles for the Administrative Fines to be Implied to Reporting Conducted within the scope of the Banking Database System”, in order to ensure fine evaluation of fines according to Bank Reporting Performance Evaluation and Fine Imposition which became effective in 2007, Fine Follow-up Report interface application was brought into use in 2008. By means of the said interface, various special tables may be prepared in bank basis by years, criminal period and penalty types, at the same time follow-up of criminal conditions whose process is ongoing may be done. Hence, it is decided that 22 banks were imposed administrative fines according to the evaluation results belonging to 2007, while 10 banks were imposed administrative fines as a result of the evaluation made concerning the first half of 2008.

Verification of T.R. Identity Number and Tax Identity Number: Verification studies began of **T.R. identity number and tax identity number** included in credit forms received from banks. Test period of the controls made upon the application of the Banks Association of Turkey and Participation Banks Association of Turkey were extended until January 2009 period. An application was made to expand the protocol made with the Ministry of Interior so as to include foreign national residents. In addition to this, information sharing protocol was made with the Revenue Administration Department through which access to tax identity numbers and title information belonging to legal entities is available. The said control was abolished as the Revenue Administration Department records title information different from those published in the Turkish Trade Register Gazette.

Receiving and Representation of Financial Statements and Explanations and Footnotes thereof to be announced to Public which was under Independent Audit: Independent audit report and annexes began to be received in electronic portal in the

consolidated and non- consolidated detail arose as a result of the audit conducted at banks by independent audit companies. The said reports are available through the web-site of the Agency and included in the data base inquiries of the Agency.

Collectivizing Some Subjects in CBRT and Agency Bank Reporting System: In order to be used in the reporting which the banks make to the Agency and CBRT, studies on a new financial reporting language continue. Owing to this language, it is aimed that data quality to be increased, reporting burden of the institutions to be decreased and collectivity in data collected by different financial institutions to be achieved. Accordingly, reporting languages of XBRL and Financial Services Authority-FSA of England were analyzed. According to the new language developed on XML Technologies, XSD shall be used for diagram-mating data verification and XSLT shall be used for content controls, it is aimed that institutions perform their reporting directly in XML format. Studies are conducted collectively with CBRT and meetings continue.

Furthermore, cross check sets included in CBRT and BRSA system were synchronized in the beginning of 2008, coding studies were completed which will enable the form lines in surveillance set to be used in harmony with the accepted formats regarding the usage of resource files both institutions determined as reporting standards in studies conducted with the participation of CBRT.

Monthly Bulletin: Interactive Monthly Bulletin of which test drive was completed in 2008 is available for the data tests as “Basic Representation” in which was designed as two different application and basic tables may be analyzed periodically as well as “Detailed Representation” in which all data items in time sequence basis. Studies continue on interactive monthly bulletin which is planned to be introduced in the first quarter of 2009.

Web Practice Relating to Opening, Closing, and Changes of Title Transactions of Domestic Branches of Banks: A web-based practice was prepared for the transmission, follow-up and approval of the demands and notifications of opening, closing and changes of title transactions of domestic branches of banks. Practice interfaces were put into use as of the beginning of 2009.

Web Practice Relating to Permission Transactions of Factoring and Financial Leasing Companies: A web-based interface was prepared for the follow-up of partnership structures of factoring and financial leasing companies of which license to operate was terminated, lenders who continue to operate although their license to operate were terminated and banker information subject to liquidation.

3.2.7.2 Agency Management Information Systems

Filing System and e-signature: Within the scope of archive studies of our Agency, studies on forming a standard file plan relating to the official documents produced during Works and transactions are still continuing.

Studies on the harmonization of Information Management System (BYS) software which was obtained in order to ensure the operating and management of intra-Agency document flow, sharing of intra-Agency and outer information and documents electronically, follow-up document producing process and to provide correct and updated information flow to the management are completed and all the Agency

personnel are trained on this issue. It has been decided that the implementation of the BYS will be postponed for a while.

It has been decided that the documents in the archive of the Agency will be transferred to digital form by outsourcing and the related bid was concluded within 2008. The winner firm started to perform the said job in the beginning of 2009 and the archive of all departments are being transferred to digital form within a certain order.

"Comments" section is added to Legal Affairs Follow-up System and improvements were made pursuant to the recommendations made by Legal Affairs Department to the sections developed last year.

Information Systems Audit Follow-up system was started to be developed in order to ensure the follow-up by the Agency, of all information relating to information systems audit studies made and to be made by independent audit institutions and opened for use of some audit companies for testing. By this application; the information belonging to legal personality of the independent audit company, its auditors, contract information, findings on the audit performed and responses of the related bank to those findings are followed-up, and it is aimed that information flow is ensured between the Agency, banks and independent audit companies over information systems and be transmitted to our Agency. The said tests are planned to be completed within 2009.

In order for the users of documents of audit departments to make the follow-up of report, writing and duty as well as a special Report/Writing/Duty Follow-up application was started to be developed for the use of some departments in order for heads of related departments and vice-presidents to display those data. The implementation is planned to be completed in 2009.

On the other hand, The Follow-up of Implementation and Permission Activities concerning Banks in Electronic Form and Implementation activities Internal Control System is planned to be developed in 2009 in order to furnish a corporate memory by moving the implementation and permission transactions made by the Agency from printed form to electronic form, to ensure the continuation of the operations independent from the persons and to avoid the inconsistencies.

Internet Application: The web-site of the Agency was visited for a total of 849.315 times by 284.144 visitors in 2008. The average amount of monthly visit was approximately 71.000 between varying times as 50.000 and 80.000 monthly.

Mostly visited pages in the internet site of our Agency in 2008 are mainly "Legislation", "Announcements " and "Statistical Data ".

Table 3-16: Mostly Visited Agency Internet Pages

Pages Visited	2007		2008	
	Number	Share % (*)	Number	Share % (*)
Legislation	74.197	30.7	90.774	23,9
Human Resources / Announcements	10.633	4.4	61.491	16,2
Statistical Data	31.654	13.1	53.189	14,0
Basel 2	32.082	13.3	41.816	11,0
Contact Us	19.439	8.0	41.791	11,0
Publications and Reports	34.970	14.4	39.967	10,5
Institutions	39.049	16.1	31.026	8,2
Credit Card Information	-	-	19.309	5,1

(*) Percentage shares shows the own internal distribution of the visit numbers belonging to the mostly visited pages in the table.

In end-2008, survey application to which the banks may get an access in internet media and which enables the detailed examination of the competition in the sector, to detect the competition obstacles if any, which aims to determine the issues belonging to international competition power was developed and survey results were transmitted to related units and evaluations were made on them.

The following issues also continued in 2008; access to independent audit reports on banks taken from independent audit companies in our internet site, filling and serving banking sector executive sector expectation survey on internet, credit card information in a manner to comprise contractual interest rate on credit card basis (shopping and cash), commission rate, commission amount, annual fee and other charges, sample interest calculations and promotion information, serving "Daily Banking Sector Report" and "Daily Economic Report" as well as "Monthly Bulletin " to public and examiners, serving internet access statistics to public by monthly reports prepared so as to comprise weekly, monthly, quarterly and annually periods.

Performance Evaluation and Employment Record Reporting Application: A web-based new application was prepared for the process of filling performance evaluation forms and employment record reports and opened for use.

Filtering of Agency Internet Access: The Law Nr. 5651 on "Regulation of the Publications Made on Internet and Struggling with the Crimes Committed by Such Publications" was accepted on May 04, 2007 and entered into force with all its articles as of November 23, 2007. Websense software was bought in order to filter the internet access pursuant to the provisions of the said Law. Pursuant to the related law and towards the policies determined by the Information Management Department, internet access is filtered by the said software established to two servers in Ankara and Istanbul buildings each.

3.2.7.3 Other Activities

Conducting The Studies Related to Bringing Qualification of Cash Registry to POS Machines: Within the scope of action plan of the combat against unrecorded economy strategy, it is planned to realize the analysis of feasibility, technical requirements and sufficiency, applicability related to bringing cash registry qualifications to POS machines and to make the necessary legal regulations within this scope with the coordination of Ministry of Finance Revenue Administration.

3.2.8 Activities within the Scope of Foreign Relations

3.2.8.1 Relations with Domestic Institutions

Within the aim of establishing coordination and collaboration between institutions relating to the conduct of policies of money, loan, banking pursuant the Article 98 of the Banking Law Nr. 5411, the mutual communions and information sharing with Turkish Treasury, CMB, SPO, SDIF and CBRT continued in 2008. Furthermore, conferences with other public institutions relating to subjects regarding banking sector are also realized.

Moreover, on the opportunity of the 8th establishment anniversary of our Agency, a conference entitled "Recent Architectural Seeking in Global and International Financial System" is organized in Istanbul in August 29, 2008, within the participations of 170 delegates coming from banks and public institutions.

Participation is ensured to the regular monthly meetings of TRNC Technical Committee, formed by delegates from several public institutions under the coordination Prime Ministry Cyprus Affairs Consultancy taking place in Prime Ministry, as well as to the negotiations which held place in TRNC between October 19 and 23, 2008.

Alongside with this, many presentations are realized in different universities and public institutions within the aim of presenting the organizational structure and activities of our Agency.

3.2.8.2 Relations with Equivalent Supervisory Authorities

As predicted within the Article 98 of the Banking Law Nr. 5411, the Agency signs memorandum of understanding with the foreigner supervisory authorities, relating to harmonize the policies and regulations. In addition to memorandum of understandings signed previously in accordance with the purpose of providing the stability of financial system, a memorandum of understanding is signed between the Agency and the Central Bank of Kosovo within 2008. The information regarding the memorandum of understandings signed by the Agency by this time are as follows and the negotiations to sign memorandum of understandings with the supervisory authorities of Belgium, Israel, Macedonia, Bosnia-Herzegovina, Netherlands, Germany, Russia, Lebanon, Egypt, Syria, and Ukraine are still continuing.

Table 3-17: Memorandum of Understandings Signed

Country	Institution	Date
TRNC	Central Bank of TRNC	September 17, 2001
Albania	Bank of Albania	October 19, 2001
Romania	National Bank of Romania	February 19, 2002
Bahrain	Central Bank of Bahrain	July 30, 2002
Indonesia	Bank Indonesia	December 11, 2002
Kazakhstan	National Bank of Kazakhstan	May 22, 2003
Pakistan	State Bank of Pakistan	January 20, 2004
Malta	Malta Fin. Services Authority	December 10, 2004
Greece	Bank of Greece	January 28, 2005
Kyrgyzstan	National Bank of Kyrgyzstan	May 17, 2005
Azerbaijan	Central Bank of Azerbaijan	June 14, 2005
Bulgaria	Bulgarian National Bank	September 13, 2005
China	China Banking Regulatory Commission	July 11, 2006
Dubai	Dubai Fin. Services Authority	August 23, 2007
Georgia	Central Bank of Georgia	November 02, 2007
Kosovo	Central Bank of Kosovo	May 12, 2008

The letter written to present our Agency's activities and to increase the collaboration possibilities and the Annual Report 2007 within its Annex is sent to the equivalent authorities of 15 countries with which MoU was signed but also to equivalent authorities of 56 countries and seven international institutions.

Furthermore, meetings were realized with a committee formed by the representatives of banking authorities of Bosnia-Herzegovina within the dates of August 19-22, 2008, with the authorities of Austrian Central Bank and banking authorities on November 06, 2008 and with the officials of Netherlands Bank on December 16, 2008, in Ankara.

3.2.8.3 Relation with EU

Studies regarding the complementation of the commitments related to the Economic Criteria and Institutional Structuring appeared within the National Program of Turkey for the Adoption of the EU Acquis published in the Official Gazette Nr. 25178 dated July 24, 2003 were continued in subjects entering to the field of duty of the Agency and opinions were given concerning the Agency's commitments which took place within the new National Program published in the Official Gazette Nr. 27097 (5th repeated) dated December 31, 2008. Moreover, the "Turkish Contribution to 2008 Regular Progress Report" studies were participated and opinions concerning the subjects within the field of duty of the Agency were given.

Within the framework of acquisition process, meetings were participated in which both the representatives of domestic public institutions and the officials of EU commission were present, related to the Chapters of "Financial Services", "Free Movement of Capital", "Company Law", "Protection of Consumers and Health" and "Financial Control" within 2008. Also, in visits of the representatives of EU Commission to our Agency in different dates, information was given concerning the Turkish banking sector and the Agency's activities. Relating the Chapter of Financial Control, the studies of "Preventing the Forgery in Euro", conducted by the Ministry of Finance were participated.

Among the eight sub-committees composed pursuant the Turkey-EU Association Council Resolution Nr. 3/2000 and aiming to orient the process of analytical analysis related to legislation between EU and our country; The meetings organized by the Internal Market and Competition Sub-Committee Nr. 2 and the Economics and Monetary Issues, Capital Movements and Statistics Sub-Committee Nr. 4 on February 7, 2008 and on June 25, 2008 in Ankara were participated by Agency representatives and presentations related to the developments within the Turkish banking sector were made.

Within the framework of Pre-Acquisition Fiscal Surveillance Procedure” started by European Union in 2001, the studies of Pre-Acquisition Economic Program (KEP), prepared annually were continues also in 2008 and evaluations and actualizations related to the subject were communicated to State Planning Organization responsible from its coordination.

Within the scope of the Technical Assistance Information Exchange Unit (TAIEX) mechanism which assists to the beneficiary countries in transmitting, implementation and execution of EU legislation, our Agency made some project suggestions, 6 of them were accepted by EU Commission.

3.2.8.4 Relations with IMF and World Bank

According to Post Program Monitoring Activities conducted with the International Monetary Fund (IMF); subjects regarding banking sector and which fall within the assigned position of the Agency were discussed with the IMF delegations who visited our country.

Within the scope of the Reports on the Observance of Standards and Codes (ROSC) which has been prepared by the IMF since 1999, meetings were participated which were held by the IMF authorities and other institutions on public finance transparency, corporate management and data module subjects.

In December 2008, preparation studies were conducted on behalf of the Agency regarding the international seminar titled as “Practices of Strengthening Financial Stability” which was held in Istanbul in 08-09/01/2009 with the participations of representatives of audit institutions of 19 countries which has bilateral relation with our Agency as well as representatives of the related public institutions in Turkey. It is aimed that the said seminar that the practices on measures been taken in accordance with the fluctuations in global financial system recently and which enable audit authorities to interfere effectively to the possible problems accordingly are discussed mutually.

On the other hand, subsequent to the closing of the “Competitiveness and Employment Development Policy Loan” (CEDPL) extended by the World Bank, opinions of our Agency is submitted to the Turkish Treasury concerning the sections of the Practice and Completion Report relating to our Agency, which was prepared in order to consider if credit target is achieved and to measure program performance, and Draft Program Document and Draft Policy Table on “Competitiveness and Employment Development Policy Loan II” (CEDPL).

3.2.8.5 Relations with other International Institutions

Participations were ensured to the 15th International Bank Auditors Conference which was held with the participations of 280 bank auditors from 66 countries during 24-27/09/2008 in Brussels by the Basel Banking Committee. Meetings were held with other country authorities and representatives of Basel Banking Committee and as the Agency our demand to be affiliated as a member representing our country is submitted to the said Committee.

Our opinions on the subjects regarding our Agency on money laundering and financing terrorism were submitted to the Financial Crimes Investigation Board (FCIB) for the evaluation of the 3rd Mutual Evaluation Report of Turkey prepared by the Financial Action Task Force (FATF) in the General Meeting of dated February 2009.

Within the scope of the General Agreement on Trade in Services (GATS), opinions and advices on the subjects which fall within the assigned position of our Agency were submitted to the related parties according to the multilateral negotiation tours initiated in order to increase liberalization and transparency in international trade in services and participation was ensured to the monitoring and negotiation process.

According to the negotiations conducted with various countries which are in the stage of participation to the World Trade Organization, evaluations concerning the banking sector commitments of the said countries were submitted to the institutions responsible for coordination, on the other hand subjects included in the commitment list of Turkey and which fall within the assigned position of our Agency were updated pursuant to the amendments in banking legislation.

According to the activities performed within the structure of the Organization for Economic Cooperation and Development (OECD); our answers to the questionnaire prepared by Corporate Management Guidance Group concerning OECD Corporate Management Principles including principles that may be used by close corporations although they are essential for publicly-held companies and representatives of the Agency participated in the Institutions Coordination Meetings in Relation with OECD Activities.

Within the scope of G-20 platform which operate directed at monitoring global economic developments and increasing international cooperation, participations were ensured to the activities of the working group that is constituted so as to analyze the developments in global credit markets recently and accordingly, opinions were declared on various reports, international policy and principles texts.

Furthermore, meetings were held with audit authorities of other countries and many institutions operate in international field and by opinions were declared on the reports prepared concerning international rating institutions.

Representation brochure which is prepared in Turkish and in English including information on the establishment and structure, activities of our Agency and institutions subject to its supervision was published in November 2008 and is available in the official web-site of the Agency.

On the other hand, working reports were prepared particularly for service in order the conceptual framework in international affairs and institutions could be comprehended

better hence, study titled as “Surveillance and Supervision Activities in Financial Sector National Implementations” was formerly published in 2008. Furthermore, preparations were conducted on working reports titled as “Evaluations of Foreign Institutions on Turkish Banking Sector”, “Bank for International Settlements”, “Procedures and Principles for Off-Shore Banking Supervision” and “Corporate Structure in the Supervision of Financial System – Approaches and Solutions in Global Markets” and the said reports were published particularly for service in the beginning of 2009.

3.2.8.6 Translation Activities

Within the scope of translation activities, a total of 1030 pages of translation were realized including the Annual Report of 2007, issues of Financial Markets Report and Structural Developments in Banking and various writings.

3.2.9 Support Activities

3.2.9.1 Training Activities

The participation to in-service training, domestic courses, seminars and such training activities as well as foreign training programs of the Agency’s personnel was provided with a view to increase their knowledge and skills concerning their function and that they shall renew themselves and besides, they shall follow the developments in the business field

Within 2008, 2065 days of training were realized in total, including domestic ones and the ones abroad. The number of participants and days of trainings by years are as follows.

Table 3-18: Domestic and Abroad Training Activities

	2007	2008
Number of Participants	1.738	778
Number of Days	7.725	2.065

The distribution by subjects of training activities participated in 2007 and 2008 is as follows:

Table 3-19: Training Activities by Their Subjects

Subjects	Number of Participants		Number of Days	
	2007	2008	2007	2008
General Banking	112	45	4.216	186
Accounting	40	66	223	644
Economy	38	75	125	107
Audit	360	17	1.327	112
Law	8	2	21	12
Risk	298	62	701	77
Computer	71	21	168	44
Illicit Money	10	3	42	15
Legislation	4	4	9	20
Other (EU, NPL, quality, etc.)	797	483	893	848
TOTAL	1.738	778	7.725	2.065

Participation of our personnel to courses, seminars, conferences and similar training activities relating to general banking, economy, risk etc., organized abroad by international institutions and banking supervisory authorities of other countries is as follows.

Table 3-20: Distribution of Foreign Training Activities by Institutions

Institutions	Number of Days	
	2007	2008
FDIC	112	71
FED	10	-
FSI	5	16
IMF	23	29
WB	20	18
OCC	20	25
Other	174	326
TOTAL	364	485

Information related to the domestic training activities such as preparatory training program, courses, conferences, seminars etc. is as follows.

Table 3-21: Distribution by Subjects and Participants of Domestic Training Activities

Subject	Participation		Number of Days		Participant Profile (1)
	2007	2008	2007	2008	
Basic Training Program	85	-	850	-	ASBA-SBA
Preparatory (Banking-Finance-Accounting)	69	-	1380	-	ASBA-SBA
Institution Operations of Banks and Non-Banks	66	-	2376	-	ASBA-SBA
Research and Thesis Writing Techniques	35	-	70	-	ASBA-ABE
Asset-Liability Management	-	31	-	155	SBA-ASBA-BE-ABE
Consolidated Supervision Seminar (3)	90	-	180	-	SBA-ASBA-BE-ABE
Bank Audit Seminar (4)	25	-	100	-	SBA-ASBA-BE-ABE
TAS (Turkish Accounting Standards) Training	-	60	-	630	ASBA-SBA
Training for Proficiency Test	35	53	525	255	ASBA-ABE
Other (5)	1.262	270	1.884	540	SBA-ASBA-BE-ABE –M
TOTAL	1.667	414	7.365	1.580	

1- SBA: Sworn Banks Auditors, ASBA: Assistant Sworn Banks Auditors,

BE: Banking Experts, ABE: Assistant Banking Experts, M: Mixed

2- The Training was organized by FED officials.

3- The Training was organized by World Bank officials.

4- The seminar was organized by OCC officials.

5- Programs organized by training institutions such as Banks Association of Turkey, OECD, Central Bank, PWC etc. related to subjects such as general banking, economy, risk, law, legislation etc.

Within 2008; 12 professional personnel were sent to study their master degrees within the fields of banking, finance, economy, business, statistics, econometrics, accounting, mathematics, international relations, engineering and law and 15 professional personnel were sent to foreign languages training programs for developing their languages by the Agency.

With the cooperation of Turkish International Cooperation and Development Agency (TICD) and our Agency, a training program for two weeks was organized in which the latest developments in international banking were embraced and the Turkish finance and banking systems were presented to the delegations from Palestine and Kosovo. First of these trainings took place in our Ankara building between January 21 and February 1st 2008 with the participation of 20 experts of the Palestinian Banking and Insurance Syndicate. The second one was held in our Ankara and Istanbul buildings between 17 and 28 November 2008 with the participation of 26 officials of Central Bank of Kosovo.

3.2.9.2 Communication Activities

The communication activities aiming to inform both public and sector about the matters within the field of interest of the Agency were studiously continued in 2008. In this sense, press conferences, press releases and presentations were realized and the information related to the sector was shared with the public. Within the aim of informing the public, a total of 29 press releases under 4 main topics were made, the press releases are given by their subject below.

Table 3-22: Press Releases by Subjects

Subject	2007		2008	
	Number	Percentage	Number	Percentage
Implementations related with Banks	5	21,8	11	37,9
Basel 2	5	21,8	2	6,9
Corporate Activities	4	17,3	2	6,9
Publications	8	34,8	13	44,8
Other	1	4,3	1	3,5
Total	23	100,0	29	100,0

Within the aim of contributing to the development of financial markets and supporting scientific studies, the “Journal of BRSA Banking and Financial Markets” which is a arbitrated journal in which both Turkish and English articles appear continued to be published in its second year.

Information requests from the media relating to the supervisory and regulatory activities of the Agency as well as to the sector, were answered after that opinions of the related units are taken; documents and materials requested to use in announcements about the Agency were communicated to media companies.

The daily Press Bulletin, prepared by compiling the news and interpretations and evaluations related to the Agency, banking sector and financial markets appeared in national and international newspapers, journals and finance bulletins is presented to the use of the personnel in the internet, but it is also sent to public banks and to managers of some public institutions.

In the activities such as conferences and symposiums organized by public institutions, private sector and universities, several presentations were realized to present corporate structure and activities, within the aim of knowledge sharing.

Furthermore, the advices, demands and complaints received by the Agency are evaluated and necessary orientations are made.

3.2.9.3 Administrative and Financial Affairs Activities

Pursuant the Act on Eliminating the Documents and Materials not Necessary to Maintain Nr. 3473, aiming to provide a unity in the archive service and activities of public institutions and to determine, maintain, organize the archived documents and collect them under the roof of State Archives, and pursuant the provisions of the Communiqué on “Standard File Plan” Nr. 2005/7 published by the Prime Ministry with the Regulation on State Archives Services prepared by the Prime Ministry according to this Act; a tender was made to purchase the service of scanning the documents belonging to our Agency and realizing its physical organization; the company who won the tender has started to establish a digital archive and to organize physically the archives for a period of one year.

Furthermore, within the scope of “Standard File Plan” determined according to Prime Ministry Communiqué Nr. 2005/7, a draft file plan was established by General Directorate of State Archives and our Agency pursuant the related legislation. When the file plan will be completed, a “Communication Code List”, prepared according to the organization structure of our Agency will be implemented, within the aim of providing a standard in information sharing between public institutions.

4 FINANCIAL INFORMATION

4.1 Results of Budget Implementation

The income- expenses differences were not predicted within the framework of the 2008 Budget 2008, the budget and realization of incomes and expenses related to years 2007 and 2008 are given within the two tables below.

Table 4-1: 2007 and 2008 Income Budget and Realizations

(TL Thousand)	Budget		Realization		Difference (Budg.- Rea.)	
	2007	2008	2007	2008	2007	2008
Participation Share Incomes	84.500	90.000	84.310	78.195	190	11.805
Other Incomes	8.500	15.000	10.576	9.817	-2.076	5.183
- Interest Incomes	8.445	14.945	9.589	9.376	-1.144	5.569
- Other Several Incomes	55	55	987	441	-932	-386
Total	93.000	105.000	94.886	88.012	-1.886	16.988

Participation shares taken from banks, financial leasing, factoring and financing companies were predicted as TL 90 million in the preparation of 2008 budget; they are realized as TL 78.2 million as of end of year. While the share of participation share incomes within 2008 incomes is 88.8%, the remaining 11.2% is composed by interest incomes taken from TL time deposit accounts.

In the 2008 budget, it is stated that the Agency resources may be evaluated in government debt securities, in FX accounts or in TL time deposit accounts. Within this scope, as a result of evaluating the Agency funds within the framework of the Turkish Treasury Communiqué provisions and Board Resolution Nr. 979 dated January 31, 2003; as of end- 2008 an interest income amounting TL 9.4 million was obtained.

Table 4-2: 2007 and 2008 Allocations and Expenses Realizations

(TL Thousand)	Initial Allocation		Total Budget Allocation After Transfers		Expenses		Remainder	
	2007	2008	2007	2008	2007	2008	2007	2008
Personnel Expenses	25.532	31.362	28.944	32.990	27.500	30.748	1.444	2.242
Social Security Institution Premium	8.146	3.960	3.777	2.332	1.178	1.232	2.599	1.100
Goods and Service Purchases	27.409	35.451	28.047	35.451	20.606	21.312	7.441	14.139
Current Transfers	250	1.273	1.361	1.566	1.278	1.561	83	5
Capital Expenditure	31.663	32.954	30.871	32.661	702	647	30.169	32.014
Total	93.000	105.000	93.000	105.000	51.264	55.500	41.736	49.500

When the initial allocations, allocation transfers, total expenditure amounts and remaining allocation amounts of the 2008 expenditure budget are analyzed by main expenditure items, it is seen that TL 105 million allocation was assigned and TL 55.5 million of allocation was spent in 2008.

Among the total expenditure amount by TL 55.5 million; personnel expenses by TL 30.7 million and goods and service purchases by TL 21.3 million are the items with highest shares. Within this framework, among total expenditure amount;

- 55.4% is composed by personnel expenses,
- 38.4% is composed by goods and service purchases,
- 2.8% is composed by current accounts,
- 2.2% is composed by the premiums paid to social security institutions for the Agency personnel,
- 1.2% is composed by capital expenditure.

In 2008, the most important component of goods and service purchases item is composed by the rents paid for service buildings of the Agency. Generally, when it's observed by allocation types, it is seen that the shares of items such as consumer goods and material purchases, inventory purchases, machines-equipment purchases, travel allowances within total expenses are considerably low; which indicates the austerity policy executed in the Agency.

The income surplus formed in the end of fiscal year 2008 amounting TL 32.6 million is transferred to the general budget as income pursuant the second paragraph of the Article 101 of Banks Law Nr. 5411 within March 2009.

In the Article 17 of Act on Public Financial Management and Control Nr. 5018, it is provisioned that regulatory and supervisory institutions shall prepare their budgets with the apprehension of three-year budgeting and according to their strategic plans and performance targets as well as institutional, functional and economic classification system. The application results of the Agency's 2008 Budget prepared according to the Analytic Budget Classification (ABC) within the provisions of the mentioned Act and the regulations of the Ministry of Finance are given within the table below.

Table 4-3: 2008 Budget Final Accounts

BUDGET CODE AND NAME (TL Thousand)	Initial Allocation	Allocation Transfer	TOTAL	Expenditure	Remainin g Allocation
00.02- PRINCIPAL CLERK	6.244	534	6.778	6.268	510
01- Personnel Expenses	4.380	505	4.885	4.727	158
02- Soc. Sec. Ins. Premium Expenses	667	-480	187	102	85
03- Goods and Service Purchases	1.196	509	1.705	1.438	267
06- Capital Expenditure	1	0	1	0	1
00.04- SUPPORT SERVICE DEPARTMENT	56.564	438	57.002	22.482	34.520
01- Personnel Expenses (Ikm.)	377	16	393	355	38
02- Soc. Sec. Ins. Premium Expenses (Ikm.)	82	-21	61	20	41
03- Goods and Service Purchases (Ikm.)	107	0	107	7	100
01- Personnel Expenses (Oth.)	3.484	-383	3.101	2.751	350
02- - Social Security Ins. Premiums (Oth.)	754	-500	254	180	74
03- Goods and Service Purchases (Oth.)	1.232	-78	1.154	590	564
03- Goods and Service Purchases (GNL)	18.213	1.041	19.254	16.731	2.523
05- Current Transfers (GNL)	1.273	293	1.566	1.561	5
06-Capital Expenditure (GNL)	31.042	70	31.112	287	30.825

Table 4-3: 2008 Budget Final Accounts (Cont.)

BUDGET CODE AND NAME (TL Thousand)	Initial Allocation	Allocation Transfer	TOTAL	Expenditure	Remainin g Allocation
00.24- DEPARTMENT OF LEGAL AFFAIRS	4.744	-37	4.707	3.363	1.345
01- Personnel Expenses	2.374	-19	2.355	2.323	32
02- Soc. Sec. Ins. Premium Expenses	120	0	120	101	19
03- Goods and Service Purchases	266	-18	248	109	139
03- Goods and Service Purchases (GNL)	1.984	0	1.984	830	1.154
41.00- DEPARTMENT OF AUDIT I	4.725	-450	4.275	3.141	1.134
01- Personnel Expenses	3.370	-300	3.070	2.914	156
02- Soc. Sec. Ins. Premium Expenses	233	0	233	121	112
03- Goods and Service Purchases	1.122	-150	972	106	866
42.00- DEPARTMENT OF AUDIT II	4.652	-52	4.600	3.257	1.343
01- Personnel Expenses	3.225	-52	3.173	2.986	187
02- Soc. Sec. Ins. Premium Expenses	261	0	261	128	133
03- Goods and Service Purchases	1.166	0	1.166	143	1.023
43.00- DEPARTMENT OF AUDIT III	4.250	-305	3.945	2.763	1.182
01- Personnel Expenses	2.973	-285	2.688	2.542	146

BUDGET CODE AND NAME (TL Thousand)	Initial Allocation	Allocation Transfer	TOTAL	Expenditure	Remaining Allocation
02- Soc. Sec. Ins. Premium Expenses	216	0	216	105	111
03- Goods and Service Purchases	1.061	-20	1.041	116	925
44.00- DEPARTMENT OF REGULATIONS	2.589	-298	2.291	1.427	864
01- Personnel Expenses	1.582	-185	1.397	1.318	79
02- Soc. Sec. Ins. Premium Expenses	345	-114	231	51	180
03- Goods and Service Purchases	662	1	663	58	605
45.00- DEPARTMENT OF ENFORCEMENT I	2.614	-314	2.300	1.645	655
01- Personnel Expenses	1.856	-105	1.751	1.494	257
02- Soc. Sec. Ins. Premium Expenses	405	-250	155	59	96
03- Goods and Service Purchases	353	41	394	92	302
46.00- DEPARTMENT OF ENFORCEMENT II	2.620	-363	2.257	1.427	830
01- Personnel Expenses	1.950	-349	1.601	1.322	279
02- Soc. Sec. Ins. Premium Expenses	63	0	63	49	14
03- Goods and Service Purchases	607	-14	593	56	537
47.00- DEPARTMENT OF STRATEGY DEV.	7.190	-1.808	5.382	2.213	3.169
01- Personnel Expenses	2.247	-419	1.828	1.580	248
02- Soc. Sec. Ins. Premium Expenses	247	0	247	75	172
03- Goods and Service Purchases	4.696	-1.389	3.307	558	2.749
48.00- DEPARTMENT OF INFORMATION MANAGEMENT	8.808	-773	8.035	4.338	3.697
01- Personnel Expenses	3.545	154	3.699	3.523	176
02- Soc. Sec. Ins. Premium Expenses	566	-400	166	140	26
03- Goods and Service Purchases	2.787	-164	2.623	315	2.308
06- Capital Expenditure	1.910	-363	1.547	360	1.187
49.00- DEPARTMENT OF AUDIT IV	0	665	665	611	54
01- Personnel Expenses	0	614	614	574	40
02- Soc. Sec. Ins. Premium Expenses	0	17	17	15	2
03- Goods and Service Purchases	0	34	34	22	12

Table 4-3: 2008 Budget Final Accounts (Cont.)

BUDGET CODE AND NAME (TL Thousand)	Initial Allocation	Allocation Transfer	TOTAL	Expenditure	Remainin g Allocation
50.00- DEPARTMENT OF ENFORCEMENT III	0	1.109	1.109	1.047	62
01- Personnel Expenses	0	998	998	973	25
02- Soc. Sec. Ins. Premium Expenses	0	40	40	33	7
03- Goods and Service Purchases	0	71	71	41	30
51.00- DEPARTMENT OF RISK MANAGEMENT	0	989	989	922	68
01- Personnel Expenses	0	847	847	815	32
02- Soc. Sec. Ins. Premium Expenses	0	45	45	29	16
03- Goods and Service Purchases	0	97	97	77	20
52.00- DEPARTMENT OF FOREIGN RELATIONS	0	665	665	597	68
01- Personnel Expenses	0	591	591	550	41
02- Soc. Sec. Ins. Premium Expenses	0	35	35	24	11
03- Goods and Service Purchases	0	39	39	23	16
GENERAL TOTAL	105.000	0	105.000	55.500	49.500

4.2 Explanations Relating to Basic Financial Statements

4.2.1 Balance sheet

Almost all of TL 154.9 million within the scope of default values by the end of 2008 is composed by bank accounts. The commercial receivables item amounting TL 826 thousand indicates the receivables emanating from participation shares.

Of the Agency's short-term liability amounting to TL 1.4 million, TL 1.2 million comprises the tax due paid by means of withholding tax return concerning the period of December 2008, to be paid until January 23, 2009, TL 234 thousand comprises various payments to be made to personnel, TL 58 thousand comprises the amounts to be paid to other persons and institutions.

Summary balance-sheet 2008 of the Agency is presented, comparatively with 2007, as follows.

Table 4-4: 2007 and 2008 Summary Balance Sheets

ASSET (TL Thousand)	2007	2008
1. Total Current Assets	124.194	156.657
1.1 Liquid Assets	123.015	154.852
1.2 Commercial Receivables	384	826
1.3 Other Receivables	528	803
1.4 Stocks	132	122
1.5 Other Current Assets	135	54
2. Total Fixed Assets	1500	1.593
2.1- Tangible Assets	1500	1.593
2.1.1- Tangible Assets (Gross)	6.936	7.288
2.1.2- Accumulated Depreciation	-5.436	-5.696
2.2- Intangible Assets	0	0
2.2.1- Equities	980	1.480
2.2.2- Accumulated Depreciation	-980	-1.480
TOTAL ASSET	125.694	158.250

Table 4-4: 2007 and 2008 Summary Balance Sheets (Cont.)

LIABILITY (TL Thousand)	2007	2008
1. Total Short-Term Foreign Resources	1.096	1.448
1.1 Financial Debts	0	0
1.2 Commercial Debts	39	58
1.3 Other Debts	100	234
1.4 Payable Taxes and Other Liabilities	957	1.156
2. Total Long-Term Foreign Resources	77.895	121.383
2.1 Income-Expenditure Collection belonging to Next Years	77.895	121.383
3. Total Own-Funds	46.703	35.419
3.1 Previous Years Affirmative Activity Results	85.924	85.924
3.2 Previous Years Negative Activity Results	-83.097	-83.097
3.3 Period Negative Activity Result	-	0
3.4 Period Affirmative Activity Result	43.876	32.592
TOTAL LIABILITY	125.694	158.250

4.2.2 Income Statement

2008 income statement of the Agency is presented, comparatively with 2007, is as follows.

Table 4-5: 2007 and 2008 Income Statements

Items (TL Thousand)	2007	2008
1. Contribution Share Incomes	85.297	78.636
2. Sale Discounts	-	-
3. Net Incomes (1-2)	85.297	78.636
4. Cost of Sales	-	-
5. Activity Expenses	51.010	55.420
6. Activity Profit of Loss (3-5)	34.287	23.216
7. Ordinary Incomes from Other Activities	9.589	9.376
8. Ordinary Expenses from Other Activities	-	-
9. Financing Expenses	-	-
10. Extraordinary Incomes	-	-
11. Extraordinary Expenses and Losses	-	-
PERIOD RESULT (6 + 7 - 8 - 9 + 10 -11)	43.876	32.592

4.3 Financial Audit Results

In the Article 101 of the Banking Law Nr. 5411, it is predicted that the internal audit of the Agency will be realized within the framework of principles and procedures determined by the Board, and that the provisions of Act on Public Financial Management and Control Nr. 5018 will be applied for the external audit of the Agency. Within this framework, the ex-post external audit of the Agency is conducted by Turkish Court of Accounts pursuant the Article 68 of the Act Nr. 5018.

5 EVALUATION OF CORPORATE CAPABILITY AND CAPACITY

5.1 Advantages

- ✿ The new financial structure brought by Banking Law Nr. 5411,
- ✿ The Authority to exercise the power granted by the Law itself on its own,
- ✿ Strategic management and risk management understanding,
- ✿ Due to the strengthened organization structure, the increase of efficiency and activity and the decrease of coordination necessity,
- ✿ Material resources enabling the use of high quality manpower and technology,
- ✿ An efficient combination of the use of high qualified personnel and recruitment of skilled personnel,
- ✿ An efficient usage of flexible and powerful information systems based on the actual technology,

5.2 Weaknesses

 Global economic crisis

5.3 Evaluation

The fluctuations occurred in financial markets and the unpredictable negative developments have been the fundamental elements determining the economic environment of 2008. This kind of economic environment brings major difficulties for duties and authorities brought to the Agency by the Law.

Under these hard circumstances, the Agency follows proactively the developments and reacts in an appropriate and timely way. With the strength brought by proactive follow-up, the Agency provides that the sector makes preparations for the periods in which there are fluctuations and relative performance losses by taking appropriate measures in periods in which the sector shows high performance. When the indicators are analyzed by the end of 2008, it is observed that this flexibility and strength provides important resistance and soundness to the sector and the economy in general as to relieve the hard periods occurring in the economic cycle.

Annex 1. List of BRSA Publications

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ANNEXES

ANNEX 1. LIST OF BRSA PUBLICATIONS

Nr.	Subject	Date
I. STRATEGIES AND POLICIES		
a) The New Basel Capital Accord (Basel II)		
1	The Road Map for the Transition to New Basel Capital Accord (Basel II) (Turkish)	May 2005
II. INTERNATIONAL REFERENCES		
5	International Convergence of Capital Measurement and Capital Standards (Basel II)- The New Basel Capital Accord (Turkish Translation)	October 2005
4	High Level Principles on the Cross Border Implementation of New Accord (Basel II)	June 2005
3	Implementation of Basel II: Practical Considerations	June 2005
2	International Convergence of Capital Measurement and Capital Standards (Third Pillar- Market Discipline)	March 2005
1	International Convergence of Capital Measurement and Capital Standards (Second Pillar Supervisory Review Process)	January 2005
III. WORKING PAPERS		
a) The New Basel Capital Accord (Basel II)		
8	CRD / Basel II National Implementations	January 2008 / 1
7	Establishing Operational Risk Database in Banks	March 2006 / 3
6	Modeling of Operational Risk Database	March 2006 / 2
5	The Guidebook on the Understanding of Basel II National Discretion	October 2005 / 8
4	The Possible Impacts of Basel II on the SME Loans	August 2005 / 4
3	Basel Approach to Operational Risk: Three Pillars of Operational Risk	July 2005
2	Basel Approach to Operational Risk: An Assessment on Operational Risk Data	July 2005
1	Basel II, Economic Repercussions and the Transition Process	May 2005 / 3
b) General Banking Issues		
20	ABD Mortgage Crisis	August 2008 / 3
19	Global Financial Structure and Fluctuations in 2007	April 2008 / 2
18	The Developments in the Housing Loans of Turkish Banking Sector	March 2006 / 1
17	The Efficiency Development in the Turkish Banking Sector During Disinflation Process	November 2005 / 10
16	Intermediation Costs in the Turkish Banking Sector	November 2005 / 9

Nr.	Subject	Date
15	Turkish Banking Sector in the Process of Integration to European Union	September 2005 / 7
14	Foreign Entry in Banking Sector: Global Developments and Turkey	September 2005 / 6
13	The Comparative Study for Turkey and the New European Union	August 2005 / 5
12	Administrative Fines from the Perspective of Discretionary Power of Banking Authorities	April 2004 / 1
11	Reduction of Intermediation Costs in the Turkish Banking Sector	November 2003 / 1
10	Financial Burdens in Banking Sector: Stock Market Transactions Expenses in Turkey and Worldwide	October 2002
9	Restructuring in Banking Sector: Japan Case	July 2002
8	Determinants of Profitability in Turkish Banking System: (1996-2000)	June 2002 / 1
7	CAMELS Analysis in Turkish Banking Sector	September 2001 / 1
6	Cost of Resources in Turkish Banking System: (1996-2000)	July 2001 / 5
5	Modeling the Net Interest Margin in Turkish Banking System	June 2001 / 4
4	Liquidation of Non-Performance Assets through the Asset Management Companies	May 2001 / 3
3	Restructuring in Banking Sector: Argentina Case	February 2001 / 2
2	Restructuring in Banking Sector: South Korea Güney Case	January 2001 / 1
1	Struggle with Inflation Program, Consumer Loans and Probable Risks Thereof	October 2000 / 1
IV. INFORMATIVE NOTES		
The New Basel Capital Accord (Basel II)		
1	The New Basel Capital Accord (Basel II) in 10 Questions	January 2005
V. OCCASIONAL PAPERS		
a) The New Basel Capital Accord (Basel II)		
7	Banking Sector Basel II Progress Report	November 2008
6	Basel II Second Quantitative Impact Study (QIS-TR2) Evaluation Report	July 2007
5	Banking Sector Basel II Progress Report	December 2006
4	Banking Sector Basel-II Progress Report	June 2006
3	Results of Turkish Banking System Basel II 2. Survey	December 2005
2	Results of Turkish Banking System Basel II 1. Survey	July 2005
1	Quantitative Effect Study (QIS-TR) Evaluation Report	December 2004
b) General Banking		

Nr.	Subject	Date
8	FX Risk Evaluation Report of the Turkish Banking Sector	June 2006
7	Banking Law (with the Repealed Law Nr. 4389)	November 2005
6	Turkish Banking Sector Capacity Analysis (1981–2000)	July 2005
5	Report on Consumer Loans	September 2004
4	Report on Consumer Loans	August 2004
3	BRSA Lawsuit Prosecution Report	October 31, 2003
2	Micro Entrepreneur Oriented Financing Strategy: Microfinance	October 1, 2002
1	Information Report on Pamukbank	June 27, 2002
VI. PERIODICALS		
a) Continuing		
General Banking		
14	Journal of BRSA Banking and Financial Markets	October 2007
13	Structural Developments in Banking	2007
12	Financial Markets Report	Septem. 2006
11	BRSA Annual Reports	2000–2007
10	Expectation Survey of Banking Sector Administrator Sector	October 2005
9	Web Site Access Statistics	Sept. 2005
8	Annual Reports: 2000–2003	July 2005
7	Monthly Bulletins (Monthly)	February 2005
6	Credit Cards Interest Rates (Monthly)	February 2005
5	Banks and SFIs	Weekly
4	Board Resolutions	Weekly
3	Economic Reports (Daily)	Dec. 16, 2004
2	Banking Sector Report and Notification on the Daily Banking Sector Report (Daily)	Dec. 31, 2003
1	Monthly Evaluation Report (Monthly)	Sept. 2003
Risk and The New Basel Capital Accord (Basel II)		
5	Risk Evaluation Report (July 2005)	Dec. 2005
4	Risk Evaluation Report (June 2005)	Nov. 2005
3	Risk Evaluation Report (December 2004)	August 2005
2	Risk Evaluation Report (June 2004)	Sept. 2004
1	Risk Evaluation Report (March 2004)	June 2004
b) Discontinuing		
25	Progress Reports (February 8, 2001 – October 21, 2003)	July 2005
24	Banking Sector Evaluation Report	Oct. 2004

Nr.	Subject	Date
23	Banking Sector Evaluation Report	Feb. 2004
22	Banking Sector Evaluation Report	Sept. 2001
21	Banking Sector Evaluation Report	June 2001
20	Bank Capital Strengthening Program – Progress Report -VII	Oct. 23, 2004
19	Bank Capital Strengthening Program – Progress Report – VI	April 21, 2003
18	Bank Capital Strengthening Program – Progress Report –V	Nov. 18,2002
17	Bank Capital Strengthening Program – Progress Report –VI	July 23, 2002
16	Bank Capital Strengthening Program – Progress Report	June 21, 2002
15	Bank Capital Strengthening Program – Introduction Guide	Feb. 20, 2002
14	Banking Sector Re-Structuring Program: Progress Report	Feb. 6, 2002
13	Banking Sector Re-Structuring Program	Jan. 11, 2002
12	Banks Managed by the SDIF: Performance and Progress Report	August 24, 2001
11	SDIF Lawsuit Prosecution Report	Oct. 31, 2003
10	SDIF Subsidiary Sale Report	Sept. 2003
9	SDIF Real Estate Sale Report	Sept. 2003
8	SDIF Subsidiary Sale Report	Oct.- Nov. 2003
7	2003 SDIF Independent Auditors' Report	April 26, 2004
6	2002 SDIF Independent Auditors' Report	June 2, 2003
5	SDIF Monthly Balance Sheets	January 2002- Dec. 2003
4	SDIF Monthly Income Statements	January 2002- Dec. 2003
3	Banking Sector Re-Structuring Program	May 15, 2001
2	Banking Sector Re-Structuring Program: Action Plan	Sept. 25, 2001
1	Banking Sector Re-Structuring Program (Progress Report)	August 2, 2001

ANNEX 2. PRESS RELEASES MADE IN 2008

Date	Subject
31/12/2008	Press Release on the Publication of the 11 th Volume of the Financial Markets Report
24/12/2008	Press Release on the Publication of the Turkish Banking Sector Foreign Exchange Risk Evaluation Report–V
24/12/2008	Press Release on the International Seminar to be Held by the BRSA
11/11/2008	Press Release on the Publication of the Banking Sector Basel 2 Progress Report
01/11/2008	Press Release on the Publication of the 10 th Volume of the Financial Markets Report
23/09/2008	Press Release on Unauthorized Factoring Activity
16/09/2008	Press Release on the 3 rd Volume of the BRSA Banking and Financial Markets Periodical
19/08/2008	Press Release on the Publication of the 9 th Volume of the Financial Markets Report
05/08/2008	Press Release on the Publication of the Communiqué titled as “USA Mortgage Crisis”, the 3 rd Volume of Working Communiqués of the BRSA
30/07/2008	Press Release on the BRSA 8 th Establishment Anniversary Conference
11/07/2008	Press Release on the Publication of the 2 nd Volume of Structural Developments in Banking
25/06/2008	Press Release on Postponing Basel 2 Practice
24/06/2008	Press Release on Innovations in Financial Turkey Map (FINTURK) Practice
23/06/2008	Press Release on Agriculture Loans
06/06/2008	Press Release on Financial Turkey Map (FINTURK) practice
29/05/2008	Press Release on Draft Law on Financial Leasing, Factoring and Financing Companies
21/05/2008	Press Release on Memorandum of Understanding (MoU) between BRSA and the Central Banking Authority of Kosovo
20/05/2008	Press Release on Turkish Banking Sector Foreign Exchange Risk Evaluation Report IV
20/05/2008	Press Release on the Publication of the 8 th Volume of the Financial Markets Report
01/05/2008	Press Release on Draft Law on Making Amendments to the Banking Law
29/04/2008	Press Release on Draft Communiqué on Credit Risk Management Presented for Opinion
08/04/2008	Press Release on Banking Regulation and Supervision Agency Annual report 2007
15/02/2008	Press Release on Turkish Banking Sector December Indicators
25/01/2008	Press Release on Draft Law on Financial Leasing, Factoring and Financing Companies
07/01/2008	Press Release on Publication of Working Communiqués
03/01/2008	Press Release on the 2 nd Volume of the BRSA Banking and Financial Markets Periodical

ANNEX 3. CHAIRMEN AND MEMBERS in BRSA

NAME-SURNAME	TITLE	DATE INITIATION	OF DATE LEAVING	OF
Chairmen				
Tevfik BİLGİN	Chairman	01.12.2003	Continuing	
R.Engin AKÇAKOCA	Chairman	19.03.2001	05.11.2003	
Zekeriya TEMİZEL	Chairman	06.04.2000	03.03.2001	
Vice-Presidents				
Ahmet ŞİRİN	Vice-President	12.08.2003	Continuing	
İbrahim Halil ÇANAKCI	Vice-President	11.12.2002	05.05.2003	
Ali Vefa ÇELİK	Vice-President	13.06.2001	07.08.2001	
Biltekin ÖZDEMİR	Vice-President	06.04.2000	13.06.2001	
Members				
Mustafa EKİM	Member	01.07.2003	Continuing	
Prof. Dr. Yusuf TUNA	Member	12.08.2003	Continuing	
Hüseyin AL	Member	28.07.2005	Continuing	
Erol BERKTAŞ	Member	14.11.2007	Continuing	
Mustafa AKIN	Member	16.11.2007	Continuing	
Yusuf Ziya ÖNDER	Member	13.06.2001	13.06.2007	
Prof. Dr. Kemal ÇEVİK	Member	06.04.2000	13.06.2007	
Mehmet Nuri DOĞULU	Member	13.06.2001	13.06.2005	
Atilla TAŞDEMİR	Member	13.06.2001	13.06.2003	
Ali Akın TARI	Member	13.06.2001	13.06.2003	
Ural ŞEKERCİ	Member	06.04.2000	13.06.2001	
Servet TAŞDELEN	Member	06.04.2000	13.06.2001	
Prof.Dr. Bilge HACIHASANOĞLU	Member	06.04.2000	13.06.2001	
Halil YETGİN	Member	06.04.2000	13.06.2001	

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