

2009



**BANKING
REGULATION AND SUPERVISION
AGENCY**

ANNUAL REPORT



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REGULATION AND SUPERVISION
AGENCY**

ANNUAL
REPORT
2009



The Banking Regulation and Supervision Agency Annual Report is prepared in accordance with transparency and accountability principles in order to inform the authorities concerned as well as public.

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The Annual Report prepared in accordance with the 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 the Grand National Assembly of Turkey is informed on the activities of the Agency once a year. Furthermore, the Report is announced to public in the web site of the Agency.

The Annual Report 2009 prepared accordingly is consisted of four main sections:

- The first section includes general information about the Agency;
- The second section includes the activities the BRSA carried out in 2009 in functional basis;
- The third section evalautes financial information of the Agency;
- The fourth section evaluates the institutional capacity.



2009 was a year in which attempts to remove the effects of global economic crisis and to determine and prevent thereof the systemic risks throughout the world accelerated. While international formations, particularly G-20 platform, prompted international standard and principle setter organizations to review the principles and standards for regulating and supervising the financial system by making use of lessons obtained through the experiences, they also encouraged international authorities so as to strengthen their regulation and supervision systems in the light of new developments and to cooperate on national and international stage. While our Agency participated actively to this process, Turkish banking sector displayed a good practice example with its strong capital and profitability structure, manageable risk profile and stable growth. Especially in the last quarter of 2009, banking sector improved positively and displayed a good performance. Due to profitability performance in the sector, the increase in legal equities, hence capital adequacy strengthened further.

As of end-2009, there are 226 financial institutions under the regulation and supervision of our Agency pursuant to the Banking Law Nr. 5411 of which 49 are banks, 42 foreign bank representative offices, 47 financial leasing companies, 78 factoring companies and 10 financing companies. Total balance value of the said institutions increased by 13.3% when compared to end-2008 and amounted to TL 864 billion as of December 2009. Furthermore; having considered 6 asset management companies and 3 financial holding companies of which establishment and operating license granted by our Agency; 39 external audit institutions having the authority to conduct financial audit in banks and 3 rating agencies, 4 valuation and 1 credit reference company as well as 3 institutions operate in bank cards and credit cards field, the number of institutions under the supervision of our Agency is 285.

Having analyzed by main subjects, the primary agenda topics of our Agency in 2009 were prevention of negative reflection of the crisis experienced in overseas markets on Turkish banking sector, amendments in the banking legislation in order to ensure adaptation with EU and international banking rules and practices in line with the needs arise, preparations concerning transition process of banking sector to Basel 2, providing non-bank financial institutions for adaptation to provisions of the new legislation, strengthening the structure of international financial system and international financial institutions within the scope of improving cooperation between G-20 countries against the financial crisis, supporting international trade and preparing Strategic Plan of the Agency concerning 2010–2012 period.

Primary agenda topic in 2009 is certainly the preparations relating to Basel 2. In addition to this, other agenda topics are; increasing the efficiency of regulation and supervision system for non-bank financial institutions, implementing the Agency Strategic Plan for the 2010-2012 period along with all its components and studies to be carried out within the scope of Financial Stability Board membership.

I hope 2009 BRSA Annual Report will be an effective and transparent disclosure and accountability instrument for all the related parties.

Tevfik BİLGİN
Chairman

THE BANKING REGULATION AND SUPERVISION BOARD



Selim Servet TAŞDELEN
Erol BERKTAŞ
Hüseyin AL
Ahmet ŞİRİN (Vice Chairman)
Tevfik BİLGİN (Chairman)
Mutalip ÜNAL
Mustafa AKIN

(from left to right)

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

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Abbreviations

EU	European Union
USA	United States of America
JSC	Joint Stock Company
BRSA	Banking Regulation and Supervision Agency
NBFI	Non-Bank Financial Institution
BRS	Banks Reporting System
SPO	State Planning Organization
FDIC	Federal Deposit Insurance Corporation
FINTÜRK	Turkish Financial Map
FED	Federal Reserve System
FSI	Financial Soundness Indicators– Financial Soundness Institute
FSC	Financial Sector Commission
IMF	International Monetary Fund
TRNC	Turkish Republic of Northern Cyprus
SME	Small and Medium Size Enterprise
MASAK	Financial Crimes Investigation Board
OCC	Office of the Comptroller of the Currency
OECD	Organization for Economic Cooperation and Development
POS	Point of Sale
OG	Official Gazette
RFD	Risk Focused Supervision
CMB	Capital Markets Board
SSRN	Social Science Research Network
Nr.	Number
TAIEX	Technical Assistance Information Exchange Office
TR	Turkish Republic
CBRT	Central Bank of Republic of Turkey
TL	Turkish Lira
TAS	Turkish Accounting Standards
SDIF	Savings Deposit and Insurance Fund
TSI	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 effective operating of the credit system, to safeguard the rights and benefits of savers, 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 Agency 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 Agency'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, special attention is paid to prevent the occurrence of any possible effects that could distort the competitiveness amongst institutions in the sector and activities are carried out by qualified specialist staff.

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; is to make the consumers conscious about financial services, to review the regulations and policies in accordance with the proposals and complaints.

Respect; is to act in a respectful, fair, perceptive and dignified manner to all 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

Pursuant to the Banking Law Nr. 5411 and the related provisions of the Banks Cards and Credit Cards Law Nr. 5464; main duties, authorities and responsibilities of the Agency in order to ensure the reliability and stability in financial markets, the sound operating of the credit system and the protection of the rights and interests of saving owners are determined as:

- 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 use the authorities given by the legislation through the regulatory transactions to be established by the Board or special quality decisions to be made, to issue regulations and communiqués on implementing the Law upon the resolution of the Board,
- To be member of international financial, economic and professional organizations to which domestic and abroad equivalent institutions attend, accordingly to participate actively to activities of the Financial Stability Board and Basel Committees , to sign memorandum of understanding with the competent authorities of foreign countries on subject that fall within the field of activity of the Agency,
- To safeguard any transaction and practices that may jeopardize the rights and benefits of saving owners and regular and safe operation of banks and which may cause significant losses in economy, to take necessary decisions and measures so as to ensure and to implement thereof an effective operation of the credit system,
- To set strategies in order financial services sector to be developed,
- To carry out surveillance, on-site audit and analysis of implementation of the provisions in the legislation about the institutions within the scope of Banking Law and any transaction of these institutions as well as all elements effecting their structures,
- To execute license transactions stipulated in Banking Law and the related laws,
- To demand any information and documents from the institutions within the scope of supervision and their partnerships relating the implementation of the legislation,
- To publish reports on its own activities and strategies, important developments in the related sector and performances of the institutions within the scope of audit

and to prepare the necessary environment for the Turkish Court of Accounts audit, to furnish the Turkish Grand National Assembly with information and secure transparency and accountability by announcing its final accounts to public,

- To secure money, credit and banking policies to be carried out, to cooperate with domestic and international authorities on audit, exchange of information and other subjects,
- To carry out Systemic Risk Coordination Committee, Financial Sector Commission and Coordination Committee studies and relating secretariat studies thereof,
- To secure an effective operating card payment system by regulating the procedures and principles for issuing and using bank cards and credit cards and swap and clearing transactions thereof,
- To carry out license transactions and provide surveillance and supervision of activities of institutions thereof, which seek to establish a card system, to issue card, to make agreements with member work places, to carry out exchange of information and swap and clearing transactions.

1.4 Goals and Priorities

Fundamental goals of the Agency are determined as: (1) Secure, stable, efficient and competitive financial market, (2) Active and effective supervision system, (3) Flexible regulatory framework, (4) Transparent, fair and encouraging practices relating to customer rights and (5) Adequate and efficient corporate governance. Priorities of the Agency with respect to the goals to which they are related are as follows:

Secure, stable, efficient and competitive financial market

- Strengthening reliability and stability in financial markets, establishing a sound environment,
- Developing efficiency and competition in financial markets,

Active and effective supervision system

- Strengthening risk-oriented approach and audit system for the banking system operating regularly and safely,
- Implementing license transactions and audit results consistent and measured with the banking system operating regularly and safely,
- Carrying out preparations on Capital Requirement Directive/Basel-II effectively,

Flexible regulatory framework

- Preparing the regulations prescribed in the Law by taking opinions of the related parties as well,

Transparent, fair and encouraging practices relating to customer rights

- Raising the awareness of customers, safeguarding rights and benefits, developing protective practices,

- Analyzing consumer notices and compliments,

Adequate and efficient corporate governance

- Realizing activities in a professional, clear and effective manner,
- Increasing the activity relating to enlightening public,
- Employing and training highly-qualified personnel who works effectively and productively,
- Activating the management of physical and financial sources in a way to increase corporate capacity,
- Preparing and implementing projects to improve corporate competence.

1.5 Information on the Agency

1.5.1 Physical Structure

The BRSA uses Ankara İş Tower which it rented from İş Gayrimenkul Yatırım Ortaklığı A.Ş. as the main service building as of the date of its establishment, the said building is constituted of three blocks and a total use of 24,440 square meters. Istanbul service building of the Agency was rented from Anadolu Hayat Emeklilik A.Ş. in 2001 and total area of the building is 5,833 square meters.

1.5.2 Organization Structure

As a result of the policies for increasing the efficiency of supervision and surveillance system and providing independent decision mechanisms, the Agency was established as an authority vested with legal entity and having administrative and financial autonomy upon the abolished Banks Act Nr. 4389 published in the Official Gazette dated June 23, 1999 Nr. 23734 and the said structure has been improved and subsequent to the Banking Law Nr. 5411 published in the repeated Official Gazette dated November 1, 2005 and Nr. 25983.

Current organization structure of the Agency has basically been regulated by the Banking Law Nr. 5411 published in the repeated Official Gazette dated November 1, 2005 and Nr. 25983 and the Cabinet Decision on Regulation on the Organization of the Banking Regulation and Supervision Agency published based on this Law in the Official Gazette dated December 31, 2005 and Nr. 2005/9859. However, organization structure of the Agency was amended with regard to its broadness of duty and authority extension in the Organization of the Banking Regulation and Supervision Agency upon the Cabinet Decision published in the Official Gazette dated March 1, 2008 and Nr. 26803.

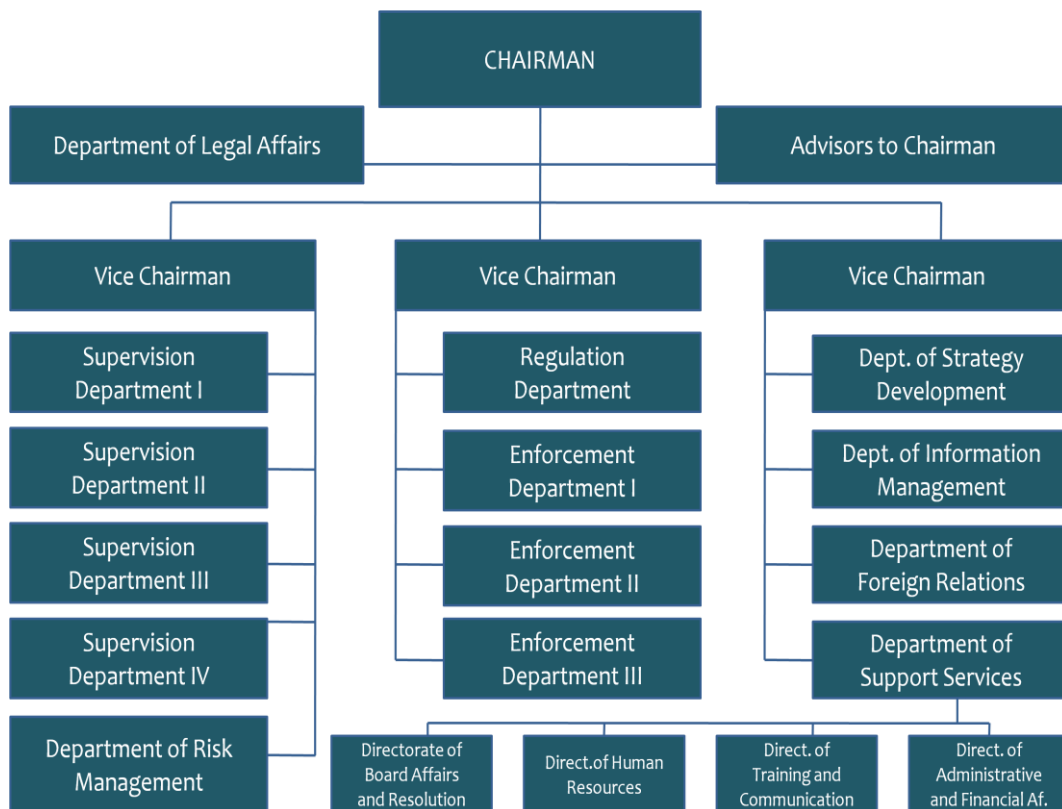
Headquarter of the Agency is in Ankara and some part of the activities are carried out from Istanbul. The Agency is constituted of the Banking Regulation and Supervision Board (the Board) and the Chairmanship.

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; 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 Agency 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 to this, 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 for auditing information systems or subjects related with law or in cases when deemed necessary by the Chairmanship approval.



1.5.3 Information Sources

Agency Library which is one of the leading specialization libraries of our country in banking and finance field continued to enhance its collection also in 2009. Accordingly, 1.761 books and 60 audio-visual materials on banking, economy, law and audit in addition to the current information sources were obtained, 6 periodicals and 1 foreign database subscription were made, and intra-Agency thesis and training, seminar program documents which personnel of the Agency attended domestically and abroad are available for service in separate shelves.

In electronic librarianship field; domestic and foreign database subscriptions have been renewed, Actual Announcement Service which includes table of contents of the periodicals subscribed and open-to-public reports of banks and some financial institutions are available on intranet under the title of Non-Agency Reports.

Table 1-1: Developments in Information Sources

Type of Material	End-2008 Total		Included in 2009		End-2009 Total	
	Ankara	Istanbul	Ankara	Istanbul	Ankara	Istanbul
Books	8,683	4,340	1,495	266	10,178	4,606
Periodical in Turkish	148	68	6	-	154	68
Periodical in English	54	10	-	-	30	10
Turkish Databases (1)	3	2	-	-	3	2
English Databases (2)	9	8	1	1	10	9
Audio-Visual Materials	165	85	60	-	225	85

(1) Kazancı Mevzuat ve İçtihat Sistemi, Lebib Yalkın Yayınları Mevbank, İcra Pro Hukuk Yazılımı

(2) Bankers' Almanac, SSRN (Social Science Resource Network), EBSCO Business Source Corporate, Econlit Fulltext Source, Westlaw, OECD, Reuters, Bloomberg, Olisnext, FMG (Financial Markets Group)

Within the scope of 2010 library working program; it is planned to enrich the current collection with actual publications relating to the field of operations of the Agency, and to develop the encouraging implementations aiming to increase the use of information sources and to cover the needs.

1.5.4 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 information technologies specialists and assistant information technologies 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 Nr. 5411 and the ratio of staff who does not have the title of manager, advisor and profession personnel is limited with 30% of total staff number.

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

	Number of Staff		2008	% Share	2009	% Share
	Position	% Share				
Executive	21	2.5	20	4.0	20	3.8
Advisor	15	1.7	7	1.4	13	2.5
Career Personnel	605	71.1	342	68.5	357	68.8
Other Personnel	210	24.7	130	26.1	129	24.9
Total	851	100	499	100	519	100

Determining and meeting human resource need are held by the principle that personnel are employed in adequate number and qualification for the activities to be carried out having regard to mission and vision of the Agency. Accordingly, induction of those passed the starting the profession exam made in 2009 has been completed in order to meet the need of profession personnel.

When analyzed the distribution of personnel by age, 79.9% of the personnel is 40 or below as of end-2009. The biggest difference between age groups belongs to the group of 20-30 years by 41.8% in 2009 as in 2008.

Table 1-3: Distribution of Personnel by Age

Age Group	2008		2009	
	Number of Personnel	% Share	Number of Personnel	% Share
Between 20-30 Years	215	43.1	217	41.8
Between 31-40 Years	190	38.1	198	38.1
Between 41-50 Years	74	14.8	84	16.2
Between 51-60 Years	20	4.0	20	3.9
Total	499	100	519	100

As of end-2009, 91.7% of personnel of the Agency have a bachelor's degree and above, ratio of personnel having master and PhD to total personal increased by 3.3 points when compared to previous year and amounted to 23.9%.

Table 1-4: Number of Personnel by Educational Background

Position	Two-Year		Bachelor		Master		PhD		Other	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Executive	-	-	6	5	12	13	2	2	-	-
Advisor	-	-	4	7	2	3	1	3	-	-
Career Personnel	-	-	265	267	70	84	7	6	-	-
Other Personnel	16	16	77	73	7	11	2	2	28	27
Total	16	16	352	352	91	111	12	13	28	27
Share in Total (%)	3.2	3.1	70.6	67.8	18.2	21.4	2.4	2.5	5.6	5.2

Furthermore, when analyzed the distribution of the graduate personnel by field of education, it is observed that they are mostly educated in the economics and administrative sciences fields.

Table 1-5: Distribution of Personnel Having Bachelor's Degree by Main Fields

Departments	2008		2009	
	Number of Personnel	% Share	Number of Personnel	% Share
Economics and Administrative Sciences	336	73.9	357	75
Law	35	7.7	35	7.3
Engineering	46	10.1	45	9.5
Mathematics-Statistics	16	3.5	16	3.4
Other	22	4.8	23	4.8
Total	455	100	476	100

2 ANNUAL ACTIVITIES OF THE AGENCY

2.1 Banking Regulation and Supervision Board

The Board which is the decision making body of the Agency, takes resolutions on topics such as regulation, permission transactions, administrative sanction, pursuant to the Banking Law and the related other legislation. Furthermore, the Board also takes resolutions on some matters on administrative and financial transactions of the Agency as well as personnel transactions.

Hence, 54 meetings were held by the Board in 2009 and total 507 resolutions were taken.

Board resolutions may contain the conclusion of more than one matter. For instance, a resolution may be taken whether or not an administrative transaction is going to be imposed relating to a practice contrary to the legislation in a resolution, as well as whether or not an amendment is required to be made in the legislation on the same subject. Similarly, in a resolution, both a crime report may be imposed and signature authorities of the related bank authorities may be terminated temporarily; separate fines may be imposed upon the same resolution due to illegitimate activities of a bank against both the Banking Law Nr. 5411 and Bank Cards and Credit Cards Law Nr. 5464. While making classification, a resolution is not been associated with more than one subject in order not to contradict with the total number of resolutions taken.

Within the scope of classification made as per specified above, when analyzed the resolutions by topics, it is observed that board resolutions on banks decreased a little when compared to previous year and, on the contrary its share within total increased by 2.9 points. Board resolutions on financial leasing, factoring and financing companies decreased to 75 from 138 in previous year and its share within total decreased by 10.8 points. The most important reason of this situation is adaptation transactions of the said companies within the scope of the Regulation on Establishment and Operations of Financial Leasing, Factoring and Financing Companies have mainly been completed in 2008.

Table 2-1: General Outlook of Board Resolutions

Subject	2008		2009	
	Number	% Share	Number	% Share
Banks	296	54.9	293	57.8
Financial Leasing, Factoring and Financing Companies	138	25.6	75	14.8
External Audit Institutions	26	4.8	20	3.9
Valuation/Rating/Support Service Institutions	1	0.2	14	2.8
Asset Management Companies	6	1.1	7	1.4
Imposing/ Not Imposing Crime Report	28	5.2	32	6.3
Adaptation to Provis. of Bank Cards and Credit Cards Law	3	0.6	1	0.2
Administrative, Financial and Personnel Transactions	41	7.6	65	12.8
Total	539	100	507	100

When board resolutions are analyzed by topics, it is observed that resolutions on sanction take the first place by 43.2%, followed by permission transactions by 16.8% and resolutions on administrative, financial and personnel transactions of the Agency by 12.8%.

Board resolutions on regulation which took the third place by 11.9% in 2008 takes the fourth place by 8.7% in 2009.

When compared to the previous year, it is observed that proportional decrease occurred in resolutions relating to Adaptation to the Provision of the Regulation on Establishment and Operations of Financial Leasing, Factoring and Financing Companies.

Share of resolutions within total which was 11.1% in 2008 decreased to 3% in 2009. As it was stated before, the most important reason of this is the fact that adaptation to the provisions of the mentioned Regulation was mostly concluded in 2008.

Table 2-2: Classification of Board Resolutions by Topics

Subject	2008		2009	
	Number	% Share	Number	% Share
Regulation	64	11.9	44	8.7
Permission Transactions	85	15.8	85	16.8
Sanction	212	39.3	219	43.2
Imposing/ Not Imposing Crime Report	28	5.2	32	6.3
Adaptation of Non-Bank Financial Institutions	60	11.1	15	3.0
Adapt. to Provisions of Bank Cards and Credit Cards Law	3	0.6	1	0.2
Administrative, Financial and Personnel Transactions	41	7.6	65	12.8
Other	46	8.5	46	9.1
Total	539	100	507	100

Pursuant to the Article 88 of the Banking Law Nr. 5411, it is provisioned that the Board is responsible for and authorized to make the secondary regulations in accordance with international principles or standards relating to the sector and fields which it is authorized to regulate and supervise and to take resolutions thereof, while pursuant to the Article 93, the Agency shall use its authorities furnished by the provisions of this Law and related other legislations by regulatory transactions to be established by the Board or special quality resolutions and authorized to publish regulations and communiqués relating to the implementation of this Law upon the Board resolution.

Accordingly, both reviewing of demands submitted to the Agency and solving the problems encountered by the Agency during implementation and subjects which require regulation are submitted to the Board in the first place, necessary studies are carried out concerning those deemed appropriate to be amended on subjects recommended by the Board and draft regulations which have been finalized are submitted to the Board. Hence, for instance two resolutions may be reached by the Board relating to one regulation amendment.

Details on the regulations put into force within the scope of the resolutions reached in 2009 on making amendments are available in the regulation activities of the Agency section of our Report.

Table 2-3: Board Resolutions on Making Regulations

Main Topics	2008		2009	
	Number	% Share	Number	% Share
Bank	58	90.6	37	84.1
Financial Leasing, Factoring and Financing Companies	6	9.4	7	15.9
Total	64	100	44	100

(1) The number of Board resolutions on demands which have been disapproved is included to the numbers in the Table.

According to the Law Nr. 5411 and regulations put into force based on this Regulation, many topics are subject to the permission of the Board and details of the resolutions made in 2009 by the Board concerning permission transactions are available in the authorization and permission transactions of the Agency section of our Report.

Table 2-4: Board Resolutions on License Transactions

Subject	2008		2009	
	Number	% Share	Number	% Share
Share Transfer	19	22.4	22	25.9
Activity Expansion	20	23.5	27	31.8
Opening Branches/Representative Offices Abroad, Establishing Partnerships or Participation to the Established Partnerships	7	8.2	5	5.9
Opening/Liquidation of Branch or Representative Offices by Banks Established Abroad	6	7.1	4	4.7
Establishment Permission	22	25.9	7	8.2
Financial Leasing, Factoring and Financing Company	20	23.5	7	8.2
Asset Management Company	2	2.4	0	0.0
Activity Permission	5	5.9	8	9.4
Financial Leasing, Factoring and Financing Company	4	4.7	7	8.2
Asset Management Company	1	1.2	1	1.2
Authorization	6	7.1	12	14.1
Performing External Audit in Banks	4	4.7	0	0.0
Performing Information Systems Audit in Banks	1	1.2	0	0.0
Performing Valuation	0	0.0	4	4.7
Performing Rating	0	0.0	4	4.7
Performing Support Service	1	1.2	4	4.7
Total	85	100	85	100

(1) As the figures in this Table includes all resolutions submitted to the Agency on the related subject which have been taken positively or negatively, this subject should be considered while analyzing the figures thereof. For instance, 27 resolutions taken by the Board relating to expansion of activity in 2009 refer to all positive/negative resolutions reached, not the number of resolutions on which activity expansion is permitted.

Adaptation of the institutions which are subject to surveillance and supervision of the Agency to the Law Nr. 5411 and the related other legislation are supervised by on-site audit and surveillance activities carried out in these institutions by the profession personnel of the Agency. Details of the resolutions made by the Board in 2009 relating to sanction implementation are available in the evaluation and implementation transactions of the Agency section of our Report. Ratio of board resolutions on administrative fines which constitute 90% of the resolutions relating to sanction implementation in 2009 to total number of resolutions made in 2009 is 38.86%.

Table 2-5: Board Resolutions on Sanction Implementation

Topic	2008		2009	
	Number	%	Number	%
Termination of / Returning the Signing Authority Temporarily	6	2.8	4	1.8
Administrative Fine	173	81.6	197	90.0
Violation of the Abolished Law Nr. 4389 and/or Law Nr. 5411	159	75.0	178	81.3
Violation of the Law on Bank Cards and Credit Cards Nr. 5464	14	6.6	19	8.7
Termination of Activity License	29	13.7	15	6.8
Financial Leasing, Factoring, Financing Companies	28	13.2	15	6.8
Asset Management Company	1	0.5	0	0.0
Termination of Permission to Perform External Audit	4	1.9	3	1.4
Total	212	100	219	100

2.2 Organization of the Chairmanship

2.2.1 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. Accordingly, within the scope of the regulation function; studies on the banking legislation were carried out 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.

Within the scope of legislation studies, draft regulations prepared by the Agency are presented to the public and are available in the web-site of the Agency. The sector's opinions on all drafts are 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 proposals, final drafts are submitted to the Board. Regulations and communiqués (excluding those put into force upon the Cabinet Decision) issued by the Board are submitted to the Prime Ministry to be published in the Official Gazette.

Hence, amendments were made to 9 of regulations and 5 of communiqués in 2009 which were put into force. Two draft laws prepared in the previous period are still on hold in the sub-commissions of the Grand National Assembly of Turkey.

Table 2-6: Distribution of Regulations Put into Force by Types

Type of the Regulation	2008	2009
Amendment to Regulation	12	9
Communiqué	1	-
Amendment to Communiqué	3	5
Circular	-	3
Total	16	17

2.2.1.1 Regulations in Force

Amendments to regulations made in line with the Law Nr. 5411 are classified under six main titles.

1- Regulations on Establishment and Operations of Banks

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): By this Regulation; in order to ensure making rapid amendments in practice according to the changing conditions, minimum consolidated and non-consolidated capital adequacy standard ratio sought in banks for opening branches or obtaining subsidiaries in off-shore regions has been taken out of the Regulation and the said ratio is determined as 12% by the Banking Regulation and Supervision Board resolution.

Regulation on Making Amendments to the Regulation on Credit Operations of Banks (OG dated November 12, 2009 and Nr. 27404): By this Regulation; minimum transaction limit which requires documents on status of accounts to be received has been revised and increased to TL two hundred fifty from TL one hundred. On the other hand, as it is not possible to recall consumer loans according to legislation on consumers, it is considered that there is no need to take documents on status of accounts semi-annually for the said loans, so these loans are exempted from the provision on taking documents on status of accounts within six months following every annual accounting period as long as a credit relationship continues.

2-Regulations of 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 January 23, 2009 and Nr. 27119): This Regulation has been put into effect in order to improve credit extension opportunities of banking sector, having considered payment conditions of credit debtor companies and households due to the conjuncture in which country economy is included depending on conditions in global economy. Accordingly, it is enabled by the said Regulation that the contracts of loans monitored closely can be renewed two times before they are classified as bad loans and that the opportunity to restructure the loans classified as bad loans to be increased to 3 from 2 under more flexible conditions.

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

In parallel with international implementations Turkish Accounting Standards Board amended 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 classified in fair value through profit or loss category and classified as available-for-sale.

Based on this amendment, Banking Regulation and Supervision Board made a decision on October 31, 2008 concerning that financial assets classified in fair value through 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 Measurement and Evaluation of Capital Adequacy of Banks (OG dated August 15, 2009 and Nr. 27320):

By the said Regulation, risk weight of export credit insurance which has been guaranteed by transfer or loss-payee supplementary bill and cash-loans or non-cash loans extended in return of insured receivables and commitments were decreased to 50% from 100%.

Regulation on Making Amendments to the Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks (OG dated December 11, 2009):

By this amendment, the five-day period taken into consideration in the calculation of stock liquidity adequacy ratio has been changed to 14-day period as parallel to the reserve requirements period.

3-Regulation on Financial Reporting

Communiqué on Making Amendments to the Communiqué on Financial Statements to be announced by Banks and Explanation and Footnotes relating to them (OG dated April 2, 2009 and Nr. 27188):

According to the amendment, YTL and New Turkish Lira expressions in the said Communiqué and annexes were regulated as TL and Turkish Lira, respectively.

Communiqué on Making Amendments to the Communiqué on Uniform System of Accounts and Prospects (OG dated December 11, 2009 and Nr. 27429):

By the amendment, inconsistencies regarding the implementation of the said Communiqué are removed and secondary accounts on various financial assets and liabilities are created.

Communiqué on Making Amendments to the Communiqué on Uniform System of Accounts and Prospects to be applied by Participation Banks (OG dated December 11, 2009 and Nr. 27429):

By the amendment, inconsistencies regarding the implementation

of the said Communiqué are removed and secondary accounts on various financial assets and liabilities are created.

4-Regulations on Non-Bank Financial Institutions

Regulation on Making Amendments to the Regulation on Principles for Establishment and Operation of Leasing, Factoring and Financing Companies (OG dated June 26, 2009 and Nr. 27270): According to this Regulation, transfer of real estate subject to financial leasing contracts to the leaser is enabled without waiting four-year minimum period maturity on condition that it is not less than two year, provided that the parties agree that all risk of the leaser is liquidated and the Agency is informed on this subject, and it is foreseen that the said provision is applied for the contracts which has already been enacted.

Communiqué on Making Amendments to the Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables (OG dated April 15, 2009 and Nr. 27201): This Communiqué was put into effect so as order to ensure special provision implementation concerning customers with more than one debt to be left to the initiative of companies until March 1, 2010, in parallel with banking regulations.

5- Regulations on Bank Cards and Credit Cards

Regulation on Making Amendments to the Regulation on Bank Cards and Credit Cards (OG dated August 1, 2009 and Nr. 27306): This Regulation was put into force in order to ensure procedures and principles for establishing internal control, risk management and internal audit systems of information exchange, swap and clearing institutions to be determined. In addition, by the Regulation, it is aimed that parallelism to be established in provisions concerning qualifications of general directorates of card institutions, information exchange and swap and clearing institutions.

6- Other regulations

Regulation on Making Amendments to the Regulation on Donation ad and Aids to be Made by Banks and Institutions Subject to Consolidated Supervision (OG dated June 9, 2009 and Nr. 27253): By this amendment, the foundations in the banks' risk groups have been excluded from the scope of the restrictions on donations and aids, aiming to support the social responsibility operations of banks.

Communiqué on Making Amendments to the Communiqué on Principles to be considered in Information Systems Management 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. Furthermore, it is clarified that general controls carried out within the scope of internal controls on information systems are constituted of these controls themselves and policies and procedures which provide these controls to be applied.

2.2.1.2 Regulations Completed and Put into Force in 2010

Regulation on Making Amendments to the Regulation on Bank Information Systems and Banking Processes Audit to be performed by External Audit Institutions (OG dated January 13, 2010 and Nr. 27461): Provisions on general concepts related to information systems and banking processes, authorization, permission, profession members, responsibilities of the parties, principles on audit, audit methodology, general principles and responsibilities, audit cooperation, audit report and notification are set in the Regulation prepared in order to set the procedures and principles for auditing information systems and banking processes of banks by authorized external audit institutions.

Communiqué on Making Amendments to the Communiqué on the Report Relating to Information Systems and Banking Processes to be Performed by External Audit Institutions (OG dated January 13, 2010 and Nr. 27461): Subjects concerning the procedures and principles for content and form of the audit report to be prepared within the scope of the Bank Information Systems and Banking Processes Audit to be performed by External Audit Institutions and provisions on consolidated audit report are set.

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 March 6, 2010 and Nr. 27513): Implementation of provisional article 3 of the Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside is extended until March 1, 2011 and general provision ratio for cash loans excluding credit cards extended by banks of which capital adequacy ratio calculated over credit risk and amount subject to market risk is 16% and above after the dated of enforcement is set as 0%.

2.2.1.3 Regulations on hold in Grand National Assembly of Turkey

Draft Act on Making Amendments to the Banking Law: Provisions deemed appropriate by the Council of Ministers of the Draft Law on Making Amendments to the Banking Law prepared with a view to solve the problems faced during implementation and finalized by the Agency upon the Resolution of the Banking Regulation and Supervision Board dated July 3, 2008 and Nr. 2675 has been submitted to the Grand National Assembly of Turkey as Draft Law as of February 19, 2009. The said Draft is presently in the Grand National Assembly of Turkey Justice Commission, Plan and Budget Commission and Industry, Trade, Energy, Natural Resources, Information and Technology Commission.

Draft Act on Financial Leasing, Factoring and Financing Companies: Draft Law on Financial Leasing, Factoring and Financing Companies which foresees to abolish the Financial Leasing Law Nr. 3226 and Decree Law on Lending Nr. 90 aims to ensure financial leasing, factoring and financing companies operate in compliance with regulations to satisfy their arising needs. The said Draft has been submitted to the Grand National Assembly of Turkey Justice Commission, Plan and Budget Commission

and Industry, Trade, Energy, Natural Resources, Information and Technology Commission.

2.2.1.4 Regulations under Preparation

1. The Agency was accepted as a member to the Basel Committee on Banking Supervision in 2009 and participates to the related working groups in various levels. Preparations on transition process of Turkish banking sector to Basel 2 continues and the amendments to be made in the related legislation accordingly are planned to constitute focus point of 2010 regulation activities of the Agency. Hence, it is foreseen that particularly Regulation on Measurement and Evaluation of Capital Adequacy of Banks and Communiqués relating to it, Regulation on Own Funds of Banks, Regulation on Internal Systems of Banks and Regulation on Principles for Authorization and Operations of Rating Institutions to be amended. It is planned that these amendments to be announced within 2010.
2. In Turkey, principles for calculation, supervision and management of interest rate risk in the trading book are handled in the regulations on capital adequacy of banks. On the other hand, banks may also highly be effected from up and down movements in interest rates due to maturity mismatch derived from their positions in the banking book. Thus, it is extensively important to decrease maturity mismatch in order to decrease the overall risk level of the banking sector. Both in international best practice and international standards and principles, it is stated that national supervisory authorities should monitor, restrict and manage the interest rate risk in the banking book on a continuous basis. Furthermore, it is observed that there are specific regulations on measurement, reporting and management of interest rate risk in the banking and some standard limitations are introduced relating to the said risk in these implementations. Accordingly, regulatory studies on these issues are ongoing in our country.
3. In line with Turkey's membership to the Financial Stability Board, , our Agency carries on the necessary sub-regulation studies particularly on sound compensation principles for banks, in order to secure the harmonization with the international principles and standards adopted by the said Board.
4. Studies on authorization and operations of institutions to perform external audit in financial leasing, factoring and financing companies have been initiated.
5. Within the scope of cooperation with the Smuggling and Organized Crimes Department, circular preparations on security weaknesses in information systems, data processing crimes and the measures that should be taken for financial activities in electronic environment still continue.

2.2.2 Supervision Activities

Supervision activities are carried out in line with the authorities furnished by the Law Nr. 5411 and Nr. 5464 and the related other laws. Accordingly; banks, financial holding companies, financial leasing, factoring and financing companies are exclusively subject

to supervision. On-site audit is performed; within the scope of working programs constituted upon the approval of the Chairman of the Agency by audit teams to be deemed appropriate among sworn-bank auditors and assistants which composes profession personnel of the Agency and, if necessary, banking specialists and assistants, information technologies specialists and assistants, law specialists and assistants.

Within each audit group, a group leader is assigned upon the approval of the Chairman among profession personnel having a minimum 5-year on-site audit experience in order to carry out coordination relating to supervision.

Box 2-1: Data Sources Used in Supervision Process

Various data sources are used in order to ensure supervision function to be carried out effectively. Basic data sources used in supervision process particularly the information prepared and reported by the related institutions on consolidated and/or non-consolidated basis to the database of the Agency are as follows:

- Surveillance Reporting Set, which is constituted of daily, weekly, monthly and quarterly forms, provides monitoring both the financial conditions of banks and their lawful obligations within the scope of the Law Nr. 5411 and the related legislation,
- Weekly Liquidity Ratio Notification Form and Two-Weeks Stock Liquidity Ratio Notification Form including the standards ratios calculated on a daily basis so as to monitor banks to provide and maintain thereof adequate liquidity level, in a way the assets of banks to meet their liabilities, in line with the Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks,
- Market Risk Reporting Set prepared so as to monitor interest rate, FX and stock position risks and capital requirements relating to these risks within the scope of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks,
- Operational Risk Analysis Form prepared annually in order to measure operational risk, in line with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks,
- Weekly forms including standard ratios calculated on a daily basis in order to ensure FX assets and liabilities as well as balances between equities of banks to be monitored and evaluated, within the scope of the Regulation on the Calculation and Implementation of Foreign Currency Net General Position / Equity Standard Ratio by Banks on Consolidated and Non-Consolidated Basis,
- Abroad Financial Institutions Reporting Set constituted of quarterly forms relating to subsidiaries of banks subject to consolidated supervision and branches performing off-shore banking activities,
- Non-Bank Financial Institutions Reporting Set constituted of legal restrictions which non-Bank financial institutions shall abide by within the scope of the Law Nr. 5411 and the related legislation and quarterly forms to monitor their financial conditions,
- Reports, opinions and other analysis results drawn-up by audit teams as a result of on-site audit activities
- External audit reports,
- Analytical information produced from Early Warning System,
- Other information obtained or collected from institutions subject to supervision.

Supervision of the institutions of which group leader is responsible is carried out by audit teams constituted upon the approval of the Chairman and operate in institutions basis.

Procedures and principles for surveillance and supervision are set pursuant to the Regulation on Procedures and Principles for Audit to be performed by the Banking Regulation and Supervision Agency published in the Official Gazette dated July 22, 2006 and Nr. 26236. Within the scope of the said Regulation, activities on supervision process and implementation are carried out in line with audit guidelines.

Supervision activities are constituted of on-site audit and surveillance activities carried out in institutions. The said activities are basically carried out by analyzing various indicators on financial performances of banks on consolidated and/or non-consolidated basis on a daily, weekly, monthly and quarterly basis and preparing periodic reports, supervising the accordance with the law and the related legislation, determining potential problems and fragilities through stress tests, in case of a negative condition or finding, informing related departments and decision makers without waiting a standards report to be prepared. Various resources particularly Agency database are applied in carrying out supervision function.

2.2.2.1 On-Site Audit

On-Site Audit Activities:

- Analyzing the relation and balance between assets, receivables, equities, debts, profit loss calculations, liabilities and commitments of the banks as well as all other factors effecting financial structure,
- Analyzing adequacy and efficiency of risk management and internal control systems,
- Making risk assessment and determining risk profile,
- Supervising the consistency of financial statement and records with accounting and reporting principles and standards,
- Supervising the appropriateness of activities to the provision of the Law Nr 5411 and provisions in other laws on institutions within the scope of this Law,
- Supervising information systems and banking processes,
- Analyzing the subjects which are characteristic,
- Consolidated supervision of affiliates and jointly controlled partnerships of the financial holding institution and/or the bank,
- Evaluating the quality of corporate management,
- Supervising the activities, although supervision is supposed to be limited with the service given by natural persons and legal entities who provide outsourcing service to institutions,

Box 2-2: Risk-Focused Supervision

Risk-Focused Supervision (RFS) Approach the Agency adopts in supervision activities refers to; form, extent, time, intensity, resource allocation of the supervision and supervision procedures to be shaped by taking risk profile of each bank as well as existence and adequacy of internal audit and risk management systems as a basis. Benefits expected from RFS Approach are:

- Increasing the efficiency and effectiveness of supervision function of the Agency,
- Conducting supervision in a dynamic and uninterrupted way,
- Adapting to EU Directives and international standards,
- Detecting important changes in risk profiles of the banks due to change and complexity in financial activities and products,
- Using new supervision techniques to ensure changing risk profiles of banks to be audited effectively,
- Taking measures (proactive audit) so as to manage the risks banks bear effectively and to decrease the possibility to result in a loss by defining, measuring, controlling and monitoring them,
- Preventing the problems to arise again in banks by focusing on causes rather than results,
- Adapting to the changes in financial systems,
- Decreasing systematic risks,
- Increasing endurance of the banking system and banks against crisis by ensuring them to have an effective internal audit and risk management system.

The aim of the supervision conducted in line with RFS approach is to ensure banks to appreciate and to control thereof the level and type of the risks they encounter. Accordingly, it is the quality and efficiency of management of the said risks which is important, rather than the risk banks undertook as a result of their activities.

RFS enables banks to transfer resource from low-risk areas to high-risk areas. The Agency realizes this, by;

- Determining the risks within the scope of generally accepted risk definitions,
- Measuring risks in the basis of general risk assessment factors,
- Evaluating risk management systems so as to determine the banks manage and control their determined risk levels adequately,
- Considering the analysis to be made in the basis of the risks the banks bear, opinions reached on risk profile and condition as well as follow-ups and supervisions relating to problematic areas.

- Supervising the institutions within the scope of the Law Nr. 5464,
- Supervising internal models the banks plan to establish in line with Basel II credit risk internal rating based approaches,
- Supervising external rating agencies in authorization stage,
- Denunciation and complaint investigations,
- Other on-site audit activities.

Institutions Subject to Audit and Activity Results

As of end-2009, there are total 285 institutions within the scope of supervision of the Agency, out of which 49 are banks, 135 non-bank financial institutions and 101 other institutions.

Table 2-7: Institutions within the Scope of Supervision

Type of Institution	Number	
	2008	2009
Deposit Bank	33	32
Participation Bank	4	4
Development and Investment Bank	13	13
Financial Leasing Companies	50	47
Factoring Companies	81	78
Financing Companies	10	10
Asset Management Companies	5	6
Institutions Authorized to Perform Financial Audit in Banks (1)	40	39
Rating Agencies	-	3
Valuation Institutions	-	4
Foreign Bank Representative Offices in Turkey	47	42
Financial Holding Companies	3	3
Credit Bureau of Turkey	1	1
Interbank Card Center	1	1
Card System Representative	2	2
Total	290	285

(1) 6 of the institutions authorized to conduct financial audit have authority to perform information systems audit in banks, while 2 have authority to perform information systems audit in banks via outsourcing.

Supervision activities have been conducted by means of 13 audit groups in 2009. As a result of the supervisions; total 411 reports have been drawn up on legislation, financial analysis, denunciation and complaint, risk assessment and other subjects. 30 of the said reports are constituted of reports on non-bank institutions while 46 are reports on branch supervisions. Besides, within 2009, 6 overseas inspection reports were drawn up, technical competence of 6 rating agencies which applied for authority was examined, and reports on 5 of them were completed and submitted to the related departments as result of examinations. Evaluation of the application of an external rating agency continues.

Table 2-8: Reports Drawn up as a Result of Supervisions

Reports	2008		2009	
	Number of Reports	% Distribution	Number of Reports	% Distribution
Risk Assessment	41	6.5	41	10.0
Legislation Supervision	264	41.9	132	32.1
Financial Structure Analysis	52	8.3	41	10.0
Denunciation and Complaint	76	12.1	76	18.5
Overseas Inspection	0	0.0	6	1.5
Duty Loss Determination	1	0.2	2	0.5
Other Financial Institutions (1)	114	18.1	30	7.3
Other (2)	82	13.0	83	20.2
Total	630	100	411	100

(1) Other financial institutions are constituted of; factoring, financial leasing and financing companies. In 2009, 20 legislations, 10 denunciation and complaints audit report regarding the said companies were drawn up.

(2) 6 of the figures relating to 2009 are constituted of authorization of rating agencies, 22 liability supervisions, 46 branch audit and 9 are constituted of reports drawn up on various topics.

Information Systems Audit

Information systems audit of institutions subject to the Law Nr. 5411 is conducted by the Agency and external audit institutions. Preparation of Information Systems Audit Guideline on information systems audit to be performed in banks by the personnel of the Agency is completed. In addition, information systems audit is continued on subjects that require technical information in line with intra-Agency demands.

Pursuant to the Article 26(3) of the Regulation on Information Systems Audit to be performed by External Audit Institutions in Banks, related IT specialist personnel is ensured to participate in audit activities performed by external audit institution in banks as observer in 2009. In addition, improvement work related to the web-based "Information Systems Audit Supervision Application" prepared for the usage of the Agency, banks and auditor institutions have been completed in 2009; transfer of corporate information and data on previous external audits has been made and application is available as of the beginning of 2010.

With the "Information Systems Audit Supervision Application" audit results, bank action plans, corporate information of external audit institutions and external audit contracts shall be shared and monitored between the Agency, external audit institutions and banks.

Table 2-9: Reports Drawn up as a Result of Information Systems Audit

Type of the Audit	Scope of the Audits	2008	2009
1. Performed by External Audit Institutions			
Individual Audit	General Controls + Application Controls (*)	3	46
	Application Controls	46	3
Consolidated Audit	General Controls + Application Controls	25	24
2. Performed by BRSA Staff			
Individual Audit	Case Based	3	4
Total		77	77

2.2.2.2 Surveillance

Within the structure of the Agency, surveillance reports are drawn up periodically in sector basis on market developments, deposit, loans, securities portfolio, derivative products, aggregated sector data, liquidity, exchange rate risk, stress test in weekly, two-weeks, monthly, quarterly, six-months and annually terms. Hence, in 2009; total of 222 reports were drawn-up, particularly reports such as Weekly Bulletin, Deposit, Report on Development of Credit and Interest Ratios and Foreign Exchange Net General Position Report and studies concerning the sector were submitted.

Surveillance activities:

- Stress tests and scenario analysis,
- Monitoring and evaluating the change process in financial structure and performance via periodical reporting,
- Follow-up of the development of rating notes by using previous on-site audit results and current data,
- Providing the change process in financial structure and performance to be perceived on time through early warning systems,
- Follow-up and analysis of financial developments in sector and institution basis,
- Delivering contradictions to the legislation and reporting errors detected through institution reporting to the group leader,
- Analysis of adaptation to the legislation,
- Surveillance of the institutions within the scope of the Law Nr. 5464,
- Other surveillance activities.

Inspections made upon the demands of Prime Ministry Inspection Board, Parliamentary Inquiry Commissions, Ministry of Finance Financial Crimes Investigation Board, Public Prosecution Offices and other related institutions are also carried out within the scope of supervision activities.

Audit teams follow the developments in financial markets via current sources and carry out supervision activities within the scope of guidelines prepared in parallel with international practices and risk-focused supervision approach.

In order to examine the impacts of the economic crisis which has been experienced on global scale, studies were made particularly on liquidity risk, and accordingly Turkish Banking Sector Liquidity Analysis and Stress Test studies were submitted twice.

Table 2-10: Consolidated Analysis and Macro Reporting

Report	Number of		Number of		Preparation Period
	Reports	% Distribution	Reports	% Distribution	
	2008		2009		
Monthly Sector Data Report	12	3.3	11	5.0	Monthly
Non-Bank Financial Sector Data Report	-	0.0	3	1.4	Quarterly
Balance-sheet, Income Statement	2	0.6	3	1.4	Quarterly
Weekly Report (1)	133	37.0	53	23.9	Biweekly
Credits Reports (2)	20	5.6	4	1.8	Quarterly
Macro Bulletin	10	2.8	-	-	Biweekly
Turkish Banking Report					
Exchange Risk Evaluation Report	2	5.6	1	0.5	Half-yearly
Deposit, Credit and Interest Rate Development Report (3)	78	21.7	34	15.3	Biweekly
Stress Test Report	4	1.1	3	1.4	Quarterly
Turkish Banking Sector Derivative Transactions Report	7	1.9	1	0.5	Half-yearly
FX Net General Position Report	26	7.2	24	10.8	Biweekly
Abroad Institutions of the Banks Established in Turkey	2	0.6	2	0.9	Half-yearly
Turkish Banking Sector Surveillance Report (4)	3	0.8	2	0.9	Half-yearly
Turkish Banking Sector County Risks Report	1	0.3	2	0.9	Half-yearly
Cash Procurement Loans, Non-cash loans and FX Loans Extended to Abroad Report	3	0.8	3	1.4	Quarterly
Potential Bad Loans Report	1	0.3	1	0.5	Annually
Turkish Banking System Main Indicators Presentation	12	3.3	11	5.0	Monthly
Other Reports and Studies	43	12.0	64	28.8	-
Total	359	100	222	100	

(1) 88 of 2008 figure are Liquidity Report and Daily Liquidity Condition which have been included in Weekly Report since December 2008.

(2) 8 of 2008 figure are Consumer Loans Development Report, 9 are Consumer Loans Weekly Development Report.

(3) Report on Development of Deposit and Interest Rates was prepared until May 2009 period and credits section was added to the said report following this date.

(4) One of 2008 figure is six-month Securities Portfolio Report which was included in Surveillance Report since September 2008.

Banks Surveillance System Reporting Package: In 2009, 6 new forms were determined; in addition to this, 12 forms were changed due to amendment in legislation. Owing to different form coding, 5 of forms received from deposit and participation banks were combined and began to be received in a single form so as to simplify the usage in the analysis. Besides, some of the forms which are not received collectively are combined in the database of the Agency made available to users.

Non-Bank Financial Institutions (NBFI) Reporting Set: 2 new forms which aim to monitor the financial leasing receivables of financial leasing companies and financing and endorsement information the factoring companies provide in sector basis were begun to be reported by the said institutions.

Non-Bank Financial Institutions Ratio Set: Ratio set for NBFI's was made available by utilizing from NBFI Reporting Set which was begun to be received in a new format since March 2008 period. NBFI ratio set was published in the beginning of 2010 through the Non-Bank Financial Institutions Interactive Bulletin. Furthermore, studies shall continue on expanding and enriching the NBFI ratio set having also considered the Banks ratio set.

Bank Financial Performance Report (BAFPER) Application: BAFPER application which aims to assist supervision activities by monitoring Bank financial performance conditions and performance tendencies was updated in line with the changes made to the Banking Reporting System.

Automatic Updating of Early Warning and Bank Performance Reporting System (B-PERA) Data Applications: In case the forms are resent in Banking Reporting System, an application was developed to automatically update the data in the B_PERA ad Early Warning applications' tables.

Bank Domestic Branch Application: Pursuant to the Regulation on Operations of Banks Subject to Permission and Indirect Shareholding, a web-based Bank Domestic Branch Application, which ensures and monitors thereof the banks to fulfill their demand and notification obligations relating to the branches they shall open was implemented.

Vintage Analysis: Vintage (aging) analysis studies, which enable to analyze the follow-up periods in which high amounts of loans accredited by the banking sector, were initiated in 2008. Vintage analysis forms were drawn up in order to age the consumer loans banking sector extended and quarterly reporting were began to be made banks since September 2009.

Capital Adequacy Analysis Form: In order to ensure the balances relating to calculation of capital adequacy ratios of on-shore bank, off-shore bank and other financial institutions in the status of subsidiaries, affiliates or jointly controlled partnerships established abroad of parent company bank and/or financial holding companies within the scope of consolidated supervision, in line with their own country legislations are evaluated, the form is added to the Abroad Reporting Set and began to be received quarterly beginning from December 2009.

Verification of T.R. Identity Number and Tax Identity Number: Verification of tax identity number and T.R. identity number areas in credit forms received from the banks was begun in 2009. The application made in order to expand the present protocol

made with the Ministry of Interior to include foreign national residents was completed and thus control of foreign national residents is enabled.

Credit Card Receivables tied to a Payment Schedule Application: Pursuant to the Law on Making Amendments to the Law on Bank Cards and Credits Cards Nr. 5915, Credit Card Receivables Application was prepared in order to monitor and evaluate credit card receivable amount tied to a payment schedule. Banks reported their restructured credit card receivables by using this application and the information collected have been announced to the public by the authorities.

Provision Regulation Amendment Follow-up Form: Pursuant to the Regulation published in the Official Gazette dated January 23, 2009 and Nr. 27119, in order to monitor the impacts of the amendments made 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, tables including the changes arose since the enforcement date of the Regulation have been received from the banks via e-mail until May 2009. However, in order to make the said information more convenient for the usage in intra-Agency analysis, they began to be received monthly since June 2009.

FX Positions Form for Partnerships Excluding of Credit Institutions and Financial Institutions which Banks Shall Draw Up Financial Statements : In line with the Board Resolution dated November 13, 2008 and Nr. 2880 and pursuant to the Turkish Accounting Standard relating to drawing up consolidated financial statement, this form has been prepared in order to ensure FX positions of partnerships, which are out of both credit institutions and financial institutions that the banks shall draw-up consolidated financial statement, to be monitored and began to be received quarterly from the banks since December 2009.

2.2.2.3 Cooperation Relating to Supervision

Studies were carried out in cooperation with the related institutions in order to prepare an emergency action plan against a possible systemic risk that could emerge in banking system and to determine the measures for managing the risk. Accordingly; Cooperation and Exchange of Information Protocol between the Republic of Turkey Prime Ministry Undersecretariat of Treasury, Banking Regulation and Supervision Agency, Savings Deposit and Insurance Fund and Central Bank of Republic of Turkey and Systemic Risk Cooperation Protocol on Financial System was signed and put into force in April 2009. Systemic Risk Coordination Committee composed within the scope of the said protocol began to operate in 2010.

The Agency signs memorandum of understanding (MOU) with the supervision authorities of foreign countries as foreseen in the Article 98 of the Law Nr. 5411 for adaptation of policies and regulations. In line with the common target of providing stability in financial system, in addition to the memorandum of understandings signed in previous years, in 2009 MOUs were signed between the Agency and United Arab Emirates, Luxemburg, Lebanon, Bosnia-Herzegovina and Kazakhstan while in early 2010 MOUs were signed between Ukrainian Supervision Authorities. Negotiations continue on signing MOUs with the supervision authorities of Belgium, Macedonia, Netherlands, Germany, Russia, Egypt, Syria, Portugal, Poland, Saudi Arabia and Italy.

Table 2-11: Memorandum of Understandings Signed

County	Institution	Date
TRNC	Central Bank of TRNC	17/09/2001
Albania	Bank of Albania	19/10/2001
Romania	National Bank of Romania	19/02/2002
Bahrain	Central Bank of Bahrain	30/07/2002
Indonesia	Bank Indonesia	11/12/2002
Kazakhstan	Central Bank of Kazakhstan	22/05/2003
Pakistan	State Bank of Pakistan	20/01/2004
Malta	Malta Fin. Services Authority	10/12/2004
Greece	Bank of Greece	28/01/2005
Kirghizstan	National bank of Kirghizstan	17/05/2005
Azerbaijan	Central Bank of Azerbaijan	14/06/2005
Bulgaria	Bulgarian National Bank	13/09/2005
China	China Banking Regulatory Commission	11/07/2006
Dubai	Dubai Fin. Services Authority	23/08/2007
Georgia	Central Bank of Georgia	02/11/2007
Kosovo	Central Bank of Kosovo	12/05/2008
United Arab Emirates	Central Bank of the United Arab Emirates	17/02/2009
Luxemburg	Luxemburg Financial Sector Surveillance Commission	13/03/2009
Lebanon	Banking Control Commission of Lebanon	10/06/2009
Bosnia-Herzegovina	National Bank of Bosnia-Herzegovina	12/06/2009
Kazakhstan	Kazakhstan Audit Authority	28/08/2009

2.2.3 Enforcement Activities

Enforcement activities are gathered under two main titles; evaluation and enforcement transactions, establishment, authorization and licensing activities. Accordingly, evaluation and enforcement activities of the institutions under monitoring and supervision of the Agency are carried out.

Activities on the compliance of financial leasing, factoring and financing companies to the related regulations continued also in 2009. The mentioned compliance activities cover the fact that internal control, accounting, data processing and reporting systems of companies are established with appropriate units and adequate personnel is employed for this units and accordingly job definitions as well as authority and obligations are set as well as the necessary information and documents are transferred to the Agency. As of end-2009, upon the resolutions of the Board at various dates, compliance activities of all companies, excluding two factoring companies, to the provisions of the Regulation were completed.

2.2.3.1 Evaluation and Enforcement Activities

In evaluation and enforcement activities, information obtained from on-site audit and off-site supervision are evaluated along with the information and documents from institutions subject to supervision and external audit institutions and other person, institutions and organizations. Measures determined as a result of the evaluation are transferred to the related institutions to establish the necessary transactions and are also taken into account in supervision and monitoring activities.

Action plans were received from banks for solving the problems included in the reports drawn-up as a result of information systems audit performed by external audit institutions in 2009 and studies are conducted on preparing Turkish Banking Sector Information Systems Audit Report.

Pursuant to the Regulation on Operations of Banks Subject to Permission and Indirect Shareholding, a web-based Bank Domestic Branch Practice which ensures and monitors thereof the banks to fulfill their demand and notification obligations relating to the branches they shall open was brought into use.

Table 2-12: Distribution by Subject of Denunciations and Complaints

Subjects	2008		2009	
	Nr.	Share %	Nr.	Share %
Credit Cards	939	33.5	1,720	27.2
Individual Loans	528	18.8	1,458	23.0
Interest, Expense and Commission	117	4.2	545	8.6
Corporate Loans	151	5.4	544	8.6
Negative Qualified Loans	104	3.7	501	7.9
Deposit and Participation Fund Accounts	318	11.3	459	7.3
Problems emanating from Cheques	85	3.0	114	1.8
Bank not responding to an Application (1)	0	0.0	88	1.4
Departments and Legal Entity of the Agency	27	1.0	88	1.4
Denunciations	24	0.9	48	0.8
ATM Problems	42	1.5	39	0.6
Liquidation Operations of İhlas Finans A.Ş.	22	0.8	32	0.5
Factoring Companies	17	0.6	30	0.5
Departments and Legal Entity of the SDIF	9	0.3	24	0.4
Maltreatment of Bank Personnel	37	1.3	22	0.3
Money Orders	26	0.9	18	0.3
Pledge/ Mortgage Problems	8	0.3	18	0.3
Stocks	28	1.0	17	0.3
Financial Leasing Companies	0	0.0	14	0.2
Off Shore	4	0.1	14	0.2
Property Investigation	20	0.7	10	0.2
Financing Companies	8	0.3	9	0.1
Banking App. Made due to Special Acts/ Contracts	11	0.4	7	0.1
Deposit Insurance	5	0.2	6	0.1
Demands of Court Prosecutor's Office/Legal Authority	31	1.1	4	0.1
Domestic Government Bonds	10	0.4	2	0
Job Applications	3	0.1	2	0
Internet Banking	28	1.0	0	0
Other Subjects	201	7.2	496	7.8
Total	2,803	100	6,329	100

(1) This subject was added in 2009, the applications made in 2008 within this subject were included under "Other Subjects" in the Table concerning 2008.

Furthermore, within the scope of evaluation and enforcement activities, demands and complaints are also examined for solving the complaints and denunciations submitted to the Agency related to institutions and topics which fall under the scope of the Law Nr. 5411 as well as conflicts that may arise between third parties and these institutions excluding special law affairs.

On the other hand, as a result of examining the complaints and denunciations submitted to the Agency about institutions and topics which fall under the scope of the Law Nr. 5411 as well as demands and complaints for solving the conflicts that may arise between third parties and institutions that fall under the Law excluding special law affairs, transactions were made for 6,329 demands and complaints submitted to the Agency in person or via telephone or e-mail. Distribution of denunciations and complaints by subject is represented in the table below.

When the complaint applications sent to the Agency are analyzed by their subjects, it is seen that the most intensive applications were realized in the subject of credit cards. Unless the matters subject to the complaints are not in contradiction with the governing laws of the Banking Law Nr. 5411 and the Law Nr. 5464, the Agency cannot intervene to the controversies.

Table 2-13: Distribution of Complaints Concerning Credit Cards

Subjects	2008		2009	
	Nr.	Sh. %	Nr.	Sh. %
Restructuring of the Debt	61	6.5	590	34.3
Credit Card Fees and Commissions	275	29.3	225	13.1
Issuing Card without Informing the Customer	86	9.2	107	6.2
Bank not Cancelling Credit Card	93	9.9	105	6.1
Insurance Problems	33	3.5	103	6
Stolen/Loss/Fraud	26	2.8	85	4.9
Unconformity in the Amount of Debt (1)	-	0	60	3.5
Credit Card /POS Machine not Granted	25	2.7	47	2.7
Problems concerning Interest	65	6.9	43	2.5
Bank not Responding to an Application (1)	0	0	35	2
Limit Excess	8	0.9	25	1.5
Granting Card to a person with Financial Difficulty (1)	-	0	22	1.3
Account Statement (1)	-	0	21	1.2
Automatic Payment Order (1)	-	0	19	1.1
Campaign	13	1.4	17	1
Indemnity Problems (1)	-	0	5	0.3
Customer Confidentiality	2	0.2	5	0.3
Other Subjects	252	26.8	206	12.0
Total	939	100	1,720	100

(1) These subjects were added in 2009, the applications within these subjects made in 2008 are under "Other Subjects".

The operations established concerning the applications made to the Agency within the scope of the provisions of the Law on Right to Information Nr. 4982 are presented within the table below.

Table 2-14: Applications within the Scope of Right to Information

Result of the Application	2008		2009	
	Nr.	Sh. %	Nr.	Sh. %
Provided Full Access to the Information and Documents	485	10.2	1,219	16
Provided Partial Access to the Information and Documents	156	3.3	294	3.9
Denied	4,101	86.1	6,120	80.1
Provided Access by Deducting Confidential/Secret Information	-	0	1	0
Redirected to Other Institutions and Corporations	21	0.4	2	0
Denied and Made Subject to Jurisdiction	-	0	1	0
Total	4,763	100	7,637	100

During 2009, in consequence of the evaluation of on-site audits and off-site supervision as well as the denunciations and complaints, 16 allegations were made in total about persons which were found responsible in several banks, the authority to sign in banks of 29 persons were cancelled temporarily and 6 of them have received their authority to sign afterwards. 18 allegations were made in total about persons which were found responsible in unauthorized factoring operations and about persons making irregularities in several factoring companies.

Table 2-15: Distribution of Administrative Fines

Institution	2008		2009	
	Nr.	Share (%)	Nr.	Share (%)
Banks	129	77.2	173	75.9
Deposit and Participation	107	64.1	156	68.4
Development and Inv.	22	13.2	17	7.5
Representatives of Foreign Banks	-	0	27	11.8
Financial Leasing and Factoring Companies	5	3	16	7
External Audit Companies	30	18	11	4.8
Asset Management Companies	3	1.8	1	0.4
Total	167	100	228	100

2.2.3.2 Establishment, Authorization and Licensing Activities

Within the scope of establishment, authorization and licensing activities, license applications made to the Agency within the framework of the Law Nr. 5411 and the related legislation are being analyzed, evaluated and resulted.

Within this framework; permissions of establishment, operating, share transfer, merger, branch or representative office opening are granted to banks, financial leasing, factoring and financing companies, operations concerning capital increase demands are consummated, and the amendments made in the articles of association and the assignments of general managers and their assistants are evaluated within the scope of the legislation. Furthermore, the authorization of institutions which will conduct evaluation, rating, support and external audit services to banks are realized and the applications for establishing asset management companies are resulted. On the other

hand, the documents indicating that top managers of institutions mentioned above carry the conditions specified within the legislation are followed up, as well as their oaths and their declaration of properties. The authorization activities of institutions within the scope of the Law Nr. 5464 are also conducted within this framework.

Box 2-3: Coordination Committee Activities

Within the Article 100 titled “Coordination Committee” of the Banking Law Nr. 5411, it is foreseen that a coordination committee formed by the Chairman and the vice-chairmen of the Agency and the Chairman and vice-chairmen of the SDIF shall be established.

According to the article mentioned this Committee is entitled to; share information regarding general status of Banking sector, measures taken in consequence of audits realized in credit institutions, analysis results of credit institutions showing their financial structures to be used in the calculation of risk-based insurance premiums, account numbers of deposit and participation accounts, necessary information about insured deposit and participation funds as well as total deposit and participation fund amounts, and to provide that maximum coordination is established between the Agency and the Fund in situations within the field of duty of the Fund and in situations requiring transactions. In the Law, it is foreseen that the Committee shall meet in a frequency approved by both parties, but at least once quarterly and that the information and documents demanded by parties from themselves shall be shared in a compromised period.

The Committee has met four times during 2009 and information has shared regarding general status of banking system, measures to be taken in consequence of audits of credit institutions, calculation of risk-based insurance premiums and situations which requires transactions realized by the SDIF.

Establishment and Authorization Activities

Moreover, according to the Board Resolution Nr. 2970 dated January 8, 2009, TEB Finansal Kiralama A.Ş. and according to the Board Resolution Nr. 3066 dated March 4, 2009, Ak Finansal Kiralama A.Ş. are approved to conduct housing finance activities within the framework of the second paragraph of Article 38/A of the Capital Market Law Nr. 2499 and the Board Resolution Nr. 2204 dated June 7, 2007. On the other hand, according to the permission granted by the Undersecretariat of Treasury, it was approved that Mastercard Europe Sprl (Mastercard), which was operating in Turkey as a liaison office, shall be adapted to the provisions of the Law pursuant to the provisional article 1 of the Law Nr. 5464 and may continue its activities as a representative office.

Table 2-16: Establishment and Operating Permissions Granted

Title of Institution	Transaction Type	Date and Number of Resolution
Factoring Companies		
VDF Faktoring Hizmetleri A.Ş.	Establishment	08/01/2009-2971
	Operating	05/11/2009-3415
Asya Faktoring A.Ş. (1)	Operating	08/01/2009-2972
Huzur Faktoring Finansal Hiz. A.Ş.	Operating	12/03/2009-3085
Gazikent Faktoring A.Ş.	Establishment	07/05/2009-3177
Mert Finans Faktoring Hiz. A.Ş.	Operating	25/09/2009-3366
Finans Faktoring Hiz. A.Ş.	Operating	01/10/2009-3371
Arena Faktoring Hiz. A.Ş.	Operating	01/10/2009-3372
Financial Leasing Companies		
Enka Finansal Kiralama A.Ş.	Operating	02/04/2009-3122
HSBC Finansal Kiralama A.Ş.	Establishment	07/05/2009-3176
Financing Companies		
Finans Tüketici Finansmanı A.Ş.	Operating	01/10/2009-3371
VFS Finansman A.Ş.	Establishment	16/07/2009-3266
Rating Agencies(2)		
İstanbul Uluslararası Derecelendirme Hiz. A.Ş.	Operating	20/08/2009-3309
Kobirate Uluslararası Kredi Derec. ve Kur. Yön. Hizm. A.Ş.	Operating	20/08/2009-3310
JCR Avrasya Derecelendirme A.Ş.	Operating	01/10/2009-3368
Valuation Companies(2)		
Lotus Gayrimenkul Değerleme ve Dan. A.Ş.	Operating	12/03/2009-3073
Vakıf Gayrimenkul Değerleme A.Ş.	Operating	05/08/2009-3300
Yatırım Gayrimenkul Değerleme A.Ş.	Operating	05/08/2009-3301
TSKB Gayrimenkul Değerleme A.Ş.	Operating	17/12/2009-3469
Support Service Institutions (3)		
Telegami Satış Hizmetleri Sanayi ve Ticaret Limited Şirketi	Authorization	05/11/2009-3422
Temp Danış. Kuryecilik Sağl. Hiz. ve Enerji San. Ltd. Şti.	Authorization	12/03/2009-3076

(1) The title of the company has been changed as Analiz Faktoring A.Ş.

(2) Operating license to provide service to banks was granted to these companies.

(3) Authorized to provide service in a particular subject to the related bank.

Table 2-17: Operating Licenses and Authorizations Cancelled

Title of Institution	Date and Number of Resolution
Factoring Companies	
Çağdaş Finans Factoring Hizmetleri A.Ş. (2)	02/04/2009-3126
Kurtuluş Factoring Hizmetleri A.Ş. (2)	02/04/2009-3124
EDF Finans Faktoring Hizmetleri A.Ş. (2)	07/05/2009-3180
Ortak Faktoring A.Ş. (2)	02/07/2009-3249
Şark Finans Faktoring A.Ş. (1)	22/07/2009-3273
Best Factoring A.Ş. (2)	05/08/2009-3295
Üniversal Finans Faktoring A.Ş. (2)	01/10/2009-3373
Financial Leasing Companies	
İpek Finansal Kiralama A.Ş. (1)	21/01/2009-2997
Nergis Finansal Kiralama A.Ş.(1)	21/01/2009-2997
Karacabay Finansal Kiralama A.Ş. (2)	16/04/2009-3150
Bilmar Finansal Kiralama A.Ş. (2)	04/06/2009-3210
Vakıf Deniz Finansal Kiralama A.Ş. (2)	25/06/2009-3246
Sanko Finansal Kiralama A.Ş. (1)	24/12/2009-3472
External Audit Companies	
Analitik Gözlem Bağımsız Denetim ve Danışmanlık Hizmetleri A.Ş.	12/02/2009 - 3051
Güçbir Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş. (1)	12/02/2009 -3047

(1) The operating licenses of these companies have been cancelled on their demand.

(2) The operating licenses of these companies have been cancelled because they cannot be adapted to the provisions of Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies.

Table 2-18: Establishment and Authorization Applications under Evaluation

Company and Transaction Type	Transaction Type	2007	2008	2009
Banks	Est. App./Auth. Demand	-	3	4
Fin. Leasing Comp.	Est. App./Auth. Demand	3	2	2
Factoring Comp.	Est. App./Auth. Demand	19	12	14
Financing Comp.	Est. App./Auth. Demand	4	3	2
Asset Man. Comp.	Est. App./Auth. Demand	2	-	-
Housing Finance	Auth. Demand	12	13	11
External Audit C.	Auth. Demand	11	2	4
Evaluation Comp.	Auth. Demand	5	11	29
Rating Agencies	Auth. Demand	3	3	1
Card System	Auth. Demand	4	-	-
Foreign Bank	Application for Opening Representative Office	5	3	1
Total		68	52	68

Authorization Activities

Within 2009, the permission activities in consequence of applications made to the Agency within the framework of the Banking Law Nr. 5411 and the Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies were continued.

Authorization to Share Transfer, Merger and Take-over

In 2009, the following authorizations have been granted to banks and asset management companies, within the framework of the Board Resolutions and the provisions concerning share transfers.

1. According to the Board Resolutions Nr. 2979 dated January 8, 2009, Nr. 3199 dated May 28, 2009, Nr. 3334 dated September 3, 2009, Nr. 3396 dated October 15, 2009 and Nr. 3461 dated December 17, 2009; it was approved that four natural persons and two legal entities take over shares amounting TL 11.281.890 in A group with nominal value of TL 1, within the paid-up capital of Asya Katılım Bankası A.Ş., within the scope of article 18 of the Banking Law number 5411.

2. According to the Board Resolution Nr. 3316 dated August 20, 2009, it was approved that US Treasury may obtain 33.6% of the shares of Citigroup Inc.; and because this takeover results that US Treasury is indirectly owning 33.6% of Citibank A.Ş. because they obtain Citibank Overseas Investment Corporation owning directly the whole of Citibank A.Ş., within the scope of the first paragraph of the article 18 of the Banking Law Nr. 5411, having 33.6% of the shares of Citibank Overseas Investment Corporation, which is a direct shareholder holding 20% of Akbank T.A.Ş., it was approved within the sixth paragraph of Article 18 of the Law.

3. Concerning the fact that; according to the Board Resolution Nr. 3349 dated September 16, 2009; the capital of Fortis Bank SA/NV, having the 94.1% of Fortis Bank A.Ş. by Société Fédérale de Participations et d'Investissement (SFPI), Société de Prise de Participation de l'Etat (SPPE) and BNP Paribas SA (BNP),

- Phase one consists of approving that; SFPI may take over 99.93% of Fortis Bank SA/NV, which causes that SFPI takes over indirectly 94.03% of the bank, the shares of Fortis Brussels owning directly 100% of Fortis Bank SA/NV are reduced to 0.07%, the shares of Fortis NV and Fortis SA/NV owning indirectly 50% of Fortis Bank SA/NV are reduced to 0.04%, The shares of Fortis owning indirectly 100% of Fortis Bank SA/NV are reduced to 0.07% and moreover, the share of Fortis Brussels and Fortis in the Bank are reduced to 0.07%, and the shares of Fortis NV and Fortis SA/NV shall be reduced to 0.03%,

- Phase two consists of approving that; BNP causing that the indirect shares of SFPI in the Bank decrease from 94.03% to 30.43%, 70.52% of the Bank belongs indirectly to BNP, the share of SFPI owning 99.93% of Fortis Bank SA/NV decreases to 24.99%, the share of SPPE in Fortis Bank SA/NV increases indirectly to 11.39%, and 10.72% of the Bank belongs indirectly to SPPE; may take over 74.94% of Fortis Bank SA/NV, pursuant to the article 18 of the Law.

4. According to the Board Resolution Nr. 3388 dated October 15, 2009, as a result of the evaluations made within the scope of paragraph (f) of Article 9 of Banking Law Nr. 5411, pursuant to the third paragraph of article 5 of the Regulation on Transactions of Banks Subject to Permission and Indirect Shareholding; it was decided that it was unobjectionable that Societe Generale S.A. Paris emits privileged shares and that these may be transferred to Societe de Prise de Participation de l'Etat, all of shares of which belong to the Republic of France.

5. According to the Board Resolution number 3432 dated November 19, 2009, the present partnership shares of Aksigorta A.Ş. and Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. in Akbank T.A.Ş. shall be transferred to Hacı Ömer Sabancı Holding and after the realization of this transferred, the direct share of Hacı Ömer Sabancı Holding in the Bank's capital shall be increased from 32.28% to 40.75% pursuant to the article 18 of Banking law number 5411.

6. According to the Board Resolution Nr. 3455 dated December 3, 2009, it was approved that; considering that as a result of the capital increase made by BNP within the aim of buying the shares of BNP Paribas SA (BNP) held by Société de Prise de Participation de l'Etat (SPPE), the transactions shall be seen as a whole, the indirect share of SPPE in Fortis Bank A.Ş. (Bank) shall be increased from 10.44% to 9.63%, and as a result of purchase by BNP its own shares in SPPE, the indirect shareholding of SPPE in the Bank shall be reduced to 0%, pursuant to the article 18 of the Banking Law Nr. 5411.

7. According to the Board Resolution Nr. 3121 dated April 2, 2009; it was approved that by transferring its shares amounting 4.825% by C Faktoring A.Ş. which is a partner of Bankpozitif Kredi ve Kalkınma Bankası A.Ş. (Bank) to the other partner, Tarshish-Hapoalim Holdings and Investments Ltd., the share of C Faktoring A.Ş. in the Bank shall be reduced from 35% to 30.175%, within the framework of the article 18 of Banking Law Nr. 5411.

8. According to the Board Resolution Nr. 3156 dated April 16, 2009, it was approved that Vector Holdings S.A.R.L, resident in Luxembourg takes over the shares of LBT Varlık Yönetim A.Ş. belonging to Lehman Ali Inc. and amounting 99.99%, within the framework of the articles 5 and 7 of the Regulation on the Principles of Establishment and Activities of Asset Management Companies.

9. According to the Board Resolution number 3196 dated May 21, 2009, it was approved that by the merger of Merrill Lynch&Co. Inc. (M&L) which is a dominant partner of Merrill Lynch Yatırım Bank A.Ş. (Bank) with MER Merger Corporation (MER), all of the shares of which are belonging to Bank of America Corporation (BAC), BAC shall obtain indirectly 100% in the Bank, pursuant to the article 18 of the Banking Law number 5411.

10. According to the Board Resolution Nr. 3277 dated July 22, 2009, it was approved that the SDIF, holding 0.1% Group (B) privileged shares in RCT Varlık Yönetim A.Ş. takes over the shares of LB UK RE Holdings Ltd. in RCT Varlık Yönetim A.Ş. amounting 74.925%, within the framework of the article 143 of the Banking Law and the articles 5 and 7 of the Regulation on the Principles of Establishment and Activities of Asset Management Companies.

Moreover in 2009, share transfers realized by one financial leasing company and five factoring companies as well as the merger of Vakıf Deniz Finansal Kiralama A.Ş. with Vakıf Finansal Kiralama A.Ş. by ways of take-over were approved by the Board within the provisions of related legislation.

Cross-Border Activity, Representative Office and Branch Opening Permissions, Registration Activities

During 2009, three banks were granted the permission to have affiliates abroad, two banks were granted the permission to open branches abroad and three banks were granted the permission to open representative offices abroad.

On the other hand, pursuant to the article 8 of the Financial Leasing Law, in cases where a financial leasing company residing abroad has no branch in Turkey, the financial leasing contracts are registered by the Agency. Within this scope, within 2009 the Agency has realized 53 registrations of financial leasing contracts, having air vehicles as subject.

On the other hand, within 2009, application of two banks established abroad to open branches in Turkey were approved.

Table 2-19: Permissions to Open Representative Office in Turkey

Name of the Bank	Country of Origin	Date / Number	Activity Date
Caixa d'Estalvis i Pensions de Barcelona (La Caxia)	Spain	16/04/2009- 3154	15/07/2009
HSBC Private Bank (Suisse)S.A	Switzerland	03/09/2009-3332	09/11/2009

During 2009, nine bank representatives have ended their activities (JP Morgan Suisse S.A., Dresdner Bank A.G., Agence Francaise De Développement, Calyon, Depfa Bank Plc., Bayerische Hypo-und Vereinsbank A.G., Denizbank A.G., Clariden Leu Ltd., HSBC Guyerzeller Bank A.G.).

Following of Enforcement and Permission Activities Concerning Banks on Electronic Environment and Enforcement Activities Internal Control System: Within this scope, at the user requirements analysis phase, sub modules were defined and system design phase was accomplished. After the design phase, the project team and the sub-teams which will develop the software were determined. The database for this software was designed and the applications development phase was started in 2010.

With the system to be developed, it is aimed that the transactions realized by the Agency are transferred to the electronic environment, and thus the continuity of the transactions which shall be conducted depending on the institutional memory will be established independently from people and inconsistencies will be prevented.

It is planned that the Board Resolutions implementation of which improvement studies are continuing within the scope of the project will be opened to testing and to use as of February 2010, and that the other sub modules of the project will be completed one by one within the first half of year, and be opened within the second half.

2.2.4 Research Activities

2.2.4.1 Working Papers

During the first half of 2009 and within the scope of G-20 activities, the Experience of Turkey from Crisis to Stability Report, which included the restructuring and reform efforts realized in the Turkish banking sector after the crisis of 2001 and the lessons to be learned for the present global crisis, was prepared under the coordination of the BRSA, by a technical working group formed with the participations of the CBRT, SDIF and the Undersecretariat of Treasury. The updated and reviewed second version of this article was published by the end of 2009. A working paper titled England Experience in Global Crisis analyzing the effects of global crisis on England was also published within the scope of research and analysis activities.

2.2.4.2 Periodicals

In 2009 during which the effects of the global economic crisis were felt distinctly in all countries, the studies concerning the monitoring and evaluation of national and international economic and financial developments and to specify their possible effects on the banking system were conducted mostly. The results of these studies were presented to use by the periodicals and information notes.

Pursuant to the article 97 of the Banking Law Nr. 5411, the publication of the Financial Markets Report concerning important developments occurring in financial sector as well as the performances of banks and financial leasing, factoring and financing companies was continued. In the Report published quarterly and which is offered to public in the web-site of the Agency, the economic developments, financial sector evaluation and banking sector risk analysis took place mainly, and the scopes of the analysis and researches concerning the risk level of the banking sector were expanded.

The third issue of Structural Developments in Banking which is a complementary of the Financial Markets Report and which includes the evaluations concerning structural developments occurring in the banking sector and in non-banking financial sector was published. With this report, it is aimed to monitor and evaluate the banking sector's; market structure, intermediation activities, re-structuring process, integration with foreign markets and especially with EU and sector capacity.

The periodicals of many authorities such as Committee of European Banking Supervisors, Bank for International Settlements, foreign supervisory authorities are being followed and the developments considered as important are analyzed in details and published within the Risk Bulletin. Furthermore, within the scope of analysis concerning supervision and surveillance activities, Basel 2 Progress Surveys were conducted.

Within the aim of contributing to the development of financial markets and supporting the academic studies, the BRSA Journal of Banking and Financial Markets which is a refereed journal including original articles in Turkish and in English is continued to be published.

2.2.4.3 Projects

Activities predicted to be conducted by the Agency and those which are projected by the Agency within the framework of the Annual Plan of 2008, are; (1) reviewing and reducing the factors which prevent the banking sector from reaching the strength of international competitiveness and from operating in a profitable, efficient and rational way, (2) realizing mutual projects to empower the collaboration among the Agency, institutions, professional associations and organizations, (3) establishing mechanisms to provide collaboration and coordination between the related institutions within the framework of the Financial Sector Commission (FSC), (4) preparing an emergency action plan concerning any systemic risk which may occur in banking sector and determining measures concerning the management of this risk (5) preparing a financial services guide.

Within the scope of reviewing and reducing the factors which prevent the banking sector from reaching the strength of international competitiveness and from operating in a profitable, efficient and rational way, studies were started concerning; detecting and reducing of the intermediation costs, eliminating the obstacles experienced by institutions subject to supervision by ways of establishment of a collaboration between related institutions and developing policies which will make the financial system gain an international competitiveness power. Within this framework; a study group led by the Agency was formed, a competition survey was arranged which will provide data to the report to be prepared by this study group. Furthermore, a study for preparing an intermediation costs survey to measure in details the factors determining the intermediation costs is still continuing. The Enhancement of Competitiveness in the Turkish Banking Sector Issue, in which the results of both surveys will be evaluated, is planned to be concluded within the first half of 2010.

Within the scope of realizing common projects to empower the collaboration between the Agency, institutions, professional associations and organizations, the efforts were continued to form a common platform among the related institutions and the representatives of professional associations, led by the Agency and supported also by an electronic platform. Within the platform, it is foreseen that study groups will be formed to deal with subjects such as regulations concerning the sector, novelties, common problems, professional matters and education; the draft text concerning working principles and procedures is submitted to the related organizations/unions and professional associations.

Within the project of establishing mechanisms to provide collaboration and coordination between related institutions within the framework of Financial Sector Commission; a portal is formed and this portal is opened to the use of representatives from each institution.

The project of preparation of a financial services guide and establishment of systems which will response the problems emanating from the services purchased by customers in time is completed and the final output is planned to be published in the web-site as Consumer Corner within the first half of 2010.

2.2.5 Activities Concerning Corporate Governance

2.2.5.1 Strategies and Policies

Among the activities conducted in the field of strategies and policies within 2009, the preparation of BRSA Strategic Plan (2010-2012) comes first. The draft plan formed in consideration of the needs of the Agency and sector, opinions and advices of the stakeholders within the market, best international practices and the experiences of equivalent authorities, are reviewed in line with the opinions and advices of a technical working group formed by representatives of all departments of the Agency and the service units of the Agency and is about to be concluded.

Furthermore, 2009 was the year during which the collaboration between G-20 countries became more and more intense because of the global crisis experienced. Main concerns of the G-20 works were stimulation of growth and employment, strengthening the structure of international financial system and international financial institutions and supporting international trade. Within this scope, the BRSA has participated in the activities of Increasing the International Collaboration and the Integrity of Financial Markets Working Group and Strengthening the Regulations and Increasing the Transparency Working Group. The Agency has conducted the coordination of these Working Groups throughout the country and opinions and data were provided on behalf of our country.

On the other hand, Main Strategies and Policies Guide, aiming to monitor, implement and report effectively and efficiently the strategies and policies in various levels concerning the field of duty of the Agency kept on to be published and shared effectively by the Agency on the web-site.

During 2010, in the field of strategies and policies, it is foreseen that; BRSA Strategic Plan will be put into practice with all of its elements, preparation works for the second Financial Sector Evaluation Program (FSAP-Turkey) planned to be realized in 2011 will be conducted and the efficiency of Financial Sector Commission activities will be increased.

2.2.5.2 Financial Sector Commission

The Financial Sector Commission, formed to ensure confidence, stability and development in financial markets, to provide exchange of knowledge, collaboration and coordination between institutions, to make common policy suggestions and to declare opinions about subjects concerning the future of financial sector has gathered twice during 2009. The works of the Commission in 2009 were intensified in the evaluation of the effects of the global crisis on Turkish economy and financial markets.

Moreover, an extranet project is prepared and brought into use including Regulations on Monitoring the Works of Financial Sector Commission, Organizations and Activities, Strategies and Policies, Exchange of Knowledge and Experiences, Reports and Links.

Box2-4: Financial Sector Commission

Financial Sector Commission is formed at the Agency by the representatives of the Agency, Ministry of Finance, Undersecretariat of Treasury, CBRT, Capital Markets Board, Saving Deposit Insurance Fund, Turkish Competition Authority, Undersecretariat of State Planning Organization, Istanbul Gold Exchange, Stock Exchanges, Turkish Derivatives Exchange and institution unions. In the Banking Law, it is foreseen that the Commission shall meet at least once in six months.

The agenda of the Commission meeting on May 25, 2009 was determined as;

1. Evaluation of the developments concerning financial sector,
2. Evaluation of G-20 efforts in terms of Turkey,
3. Evaluation of the effects of global crisis on the Turkish financial system,
4. Informing about the developments in strategies and policies concerning financial sector,
5. Exchange of information between institutions related to financial sector,
6. Evaluation of other subjects within the agenda of financial sector.

The meeting of the Commission on November 25, 2009 was realized as;

1. Evaluation of developments concerning financial sector,
2. Exchange of information between institutions related to financial sector.

The results of the meeting were transmitted to the Council of Ministers within the framework of provisions of Regulation on Working Principles and Procedures of Financial Sector Commission.

2.2.5.3 Institutional Collaboration

Relations with Domestic and Foreign Institutions

Based on the article 98 of the Banking Law Nr. 5411 and within the aim of ensuring coordination and collaboration between institutions in subjects such as money, credit, and conducting banking policies, the mutual exchange of information and opinion sharing with the Undersecretariat of Treasury, Capital Markets Board, State Planning Organization, SDIF and CBRT were realized during 2009.

Furthermore, exchange of opinions was also realized with other public institutions and organizations, especially with the Undersecretariat of the Prime Ministry for Foreign Trade, on subjects concerning the banking sector.

Moreover, in meetings realized with; officials of Saudi Arabia Monetary Authority on May 18, 2009, officials of Central Bank of Syria on May 25-29, 2009, officials of Bank of Albania on June 29-30, 2009 and officials of Central Bank of the Republic of Kosovo on July 20, 2009 in Ankara, exchange of information was realized concerning mutual collaboration agreements between Turkish banking sector and banking sectors of related countries.

Relations with the EU

Activities within the field of duty of the Agency, concerning the completion of commitments regarding the measures of economic Criteria and Corporate Structuring, taking place within the National Program of Turkey Concerning the Undertaking of EU Acquis Communautaire published in the Official Gazette Nr. 25178 dated July 24, 2003 were continued.

The representatives of the Agency have participated to the meetings organized in Brussels between January 19, 2009 and February 12, 2009 by Sub-Committee Number 2 of Internal Market and Competition and Sub-Committee Number 4 of Monetary Subjects, Capital Movements and Statistics between Turkey-EU, which are among 8 sub-committees established pursuant to the Resolution Nr. 3/2000 of Turkey-EU Association Council to orient the analytical analysis process concerning the legislation between our country and the EU; and they have realized presentations about the developments occurring in the Turkish banking sector.

Several project suggestions have been made by the Agency within the scope of Technical Assistance and Information Exchange (TAIEX) mechanism, assisting to beneficiary countries in phases of transmitting, implementing and enforcing the EU legislation; 13 of these suggestions were approved by EU Commission.

Relations with the IMF and the World Bank

Meetings concerning banking sector and subjects within the Agency's field of duty have been realized with the International Monetary Fund (IMF) and IMF delegation visited our country within the scope of the IMF and Post-Program Monitoring.

The international seminar titled Strengthening Financial Stability Applications organized jointly by the Agency and World Bank and with the participations of supervisory authorities of 19 countries having mutual relationships with Turkey and the representatives of related public institutions in Turkey took place on January 8-9, 2009 in Istanbul. Measures taken within the scope of fluctuations occurred in the global financial system within the recent period were handled during this seminar and applications concerning the effective intervention of supervisory authorities to the problems occurring within this scope were mutually discussed.

Relations with Other International Institutions

On May 25, 2009, the Agency has become a member of the Basel Committee on Banking Supervision (BCBS), founded in 1975 within the body of Bank for International Settlements (BIS) with the participation of central banks of developed countries and experts from banking supervision authorities, and operating internationally within the field of banking surveillance and supervision.

Within the scope of this membership, the meetings held quarterly in Basel by the Basel Committee on Banking Supervision are participated. The Agency has also become member of 20 sub-committees of this Committee, operating in second and third levels and the Agency's personnel have participated to the activities of these sub-committees.

Within the framework activities conducted within OECD; Study Groups in which the Agency is determined as contact points and especially to the OECD Financial Markets Committee were participated.

2.2.5.4 Illuminating Public

The Agency illuminates regularly the public about all of its activities and especially regulatory and supervisory activities, by ways of several instruments and methods and gives importance to transparency.

Interactive Monthly Bulletin: Monthly Bulletin was started to be published on February 2005 and is used by an extended number of users for analysis concerning banking sector; studies for its automation as to include detailed financial data for aggregate sector and with distinction of function and ownership groups were completed as of June 2009.

Within this scope Monthly Bulletin was made interactive and is brought into use as an application named Banking Sector Interactive Monthly Bulletin. With this application, it was facilitated that the users reach to extensive monthly data such as, balance sheet, income statement, loans, FX position, capital adequacy and fundamental ratios. As a result of the interactive design of the application, the users have the opportunity to conduct queries expanded to a long period of time. The sections of Simple Monitoring is formed for those who are interested in fundamental financial statements and of Advanced Monitoring is formed for those who want to make advanced analysis.

Furthermore, as a result of the automation provided in the preparation and presentation of these data published in monthly periods, the periods of publication of the data is also shortened, by connecting to database, the changes occurring in the data set is automatically reflected on Bulletin items.

It is planned that in 2010, the Interactive Monthly Bulletin application will be brought into the usage of users within the Agency for producing data by banks basis with the aim of supervision and surveillance.

Non-Bank Financial Institutions Interactive Bulletin: Concerning the non-bank financial institutions, the activities to provide automation in preparation and presentation of the bulletin named Balance Sheets and Profit-Loss Tables of Factoring, Financial Leasing and Consumer Financing Companies, published quarterly and in which the balance sheet and profit/loss tables and the results of transactions are classified by sectors and product groups and presented were started in 2009.

The test version of the Non-Bank Financial Institutions Interactive Bulletin developed within this scope is completed. With this application two different formats are presented; in Basic Analysis, the tables are presented in standard format and in Advanced Analysis, time series of different tables can be analyzed in the same time.

Interactive Monthly Bulletin prepared for non-bank financial institutions and which will be published quarterly is opened for public use in 2010.

The list of institutions operating licenses of which are canceled is started to be published on the web-site of the Agency within the first quarter of 2010.

Presentation of several figures concerning loans and deposit by cities on a map: The Financial Map of Turkey (FINTURK) containing city-based data and especially data related to the distribution of loans and deposits by cities is mostly used by bankers, researchers and local administrations. FINTURK was enriched by adding new subdivisions to financial data item. With the aim of contributing to the measurement of the effects of Incitement and Employment Package and sharing more frequently the data produced within the framework of technical possibilities; the updating frequency of FINTURK application was reduced from 6 months to 3 months as of June 2009 and may be used for research concerning past periods.

In this application, with the incidence of the forms are sent again in the banking reporting system, the update of the data within the scope of FINTURK is made automatically.

Reporting of Financial Soundness Indicators to the International Monetary Fund (IMF):

The ratio set named financial soundness indicators prepared by the IMF with the aim of detecting the strong and fragile aspects of the financial system worldwide and developing appropriate policies in the light of this knowledge, is sent quarterly as of 2009 starting by the data of end-2008. This data accompanied with the data of other participant countries, are published on web site of <http://fsi.imf.org/FSIHome.aspx#Country>.

Calculation Application for Payment Plan of Credit Cards: For the people who want to reschedule their debts to a new payment plan within the framework of the Law on Amendments to be made to Law on Banking Cards and Credit Cards, and let them see easily the payment alternatives, an informing application was developed to provide information and was put to use on the web-site of the Agency under the name of Calculation Application for Payment Plan of Credit Cards in 2009.

During 2009, on the web-site of BRSA, the external audit reports received from external audit institutions were accessed; expectations survey of the managers in banking sector was fulfilled and put to service via Internet; information concerning credit cards was presented as to include contractual rate of interest by credit card (shopping and cash), commission rate, commission amount, annual fee and other fees, exemplary interest calculations and promotion data; the Daily Banking Sector Report and Daily Economic Report were prepared and presented daily; the access statistics of internet site were presented to public by monthly reports prepared as to include weekly, monthly, quarterly and annual periods.

Common Works with Turkish Statistical Institute: Within the scope of the 2007–2011 Official Statistic Program which was put into enforcement pursuant to the Cabinet Resolution published in the Official Gazette Nr. 26392 dated December 30, 2006, working groups were composed to detect the level of realization of the activities conducted by the institutions and organizations within the Program and to determine the measures to correct the deficiencies; participation to these groups was ensured.

The National Data Publishing Agenda shows by whom, when and how the data prepared within the scope of this Program will be published; the data produced by the Agency were published according to 2009 National Data Publishing Agenda and the Agenda was updated as to show how and when the data will be published in 2010.

On the other hand, the income statements of deposit, participation, development and investment banks as well as financial leasing, factoring companies were shared with the Turkish Statistical Institute quarterly during 2009, to be used for the Gross Domestic Product.

2.2.6 Consulting Activities

2.2.6.1 Legal Affairs Activities

Within the framework of the Article 20 of the Regulation on Organization, the activities of representing the Agency in following-up, defending and resolving all kinds of disagreements to which the Agency is a party or the Agency is related in legal and administrative authorities and execution offices as well as declaring opinion on legal subjects and answering the denunciations and complaints were continued in 2009.

Table 2-20: Lawsuits to which the Agency is Party

Types of Lawsuits	2008		2009	
	Nr.	%	Nr.	%
Administrative Lawsuits	26,201	98.6	25,306	94.6
Concerning T. İmar Bankası T.A.Ş	23,902	91.2	23,723	93.7
Concerning Demirbank T.A.Ş	1,973	7.5	1,173	4.7
Other Adm. Lawsuits	326	1.3	410	1.6
Penal Lawsuits	168	0.6	171	0.6
Civil Lawsuits	206	0.8	209	0.7
Number of Pending Lawsuits	26,454	99.5	25,686	95.9
Number of Finalized Lawsuits	121	0.0	1,104	4.1
Total	26,575	100	26,790	100

94.6% of the lawsuits to which the BRSA is party are composed of administrative lawsuits. This situation is emanating from the full remedy actions brought by those demanding the compensation of losses claimed to be occurred because of treasury bills sale and deposit transactions realized by T. İmar Bankası T.A.Ş, licenses to perform banking operations and accept deposit of which were revoked and full remedy actions brought by small shareholders of Demirbank T.A.Ş. The remaining administrative lawsuits are composed of annulment and full remedy actions brought against banking legislation and against several administrative operations executed by the Agency and by the Board pursuant to the general legislation. On the other hand, the penal suits brought as a result of criminal complaints made by the Agency and legal actions brought against or by the Agency are also followed.

Within the scope of assignment to declare opinions in legal subjects, taking place within the paragraph (d) of article 20 of Regulation on Organization 80 opinions were given to the Agency's related units. These opinions vary from Memorandum of Understandings signed between the Agency and the supervisory and regulatory authorities of foreign countries, to implementation problems concerning personnel regime. Furthermore, 304 writs coming from courts were answered.

Moreover, concerning the Law Nr. 5411 and the Law Nr. 5464 and relating sub-regulations, 319 legal opinions were given in total, 117 of them were given to the Agency's related units and 202 of them were given to the other entities. The table concerning the legal opinions given by the Agency is below.

Table 2-21: Legal Opinions Related to the Regulations

Given Legal opinions Related to the Regulations	Inside the Agency	Outside the Agency
Banking Law Nr. 5411 and Sub-Regulations	58	82
Legislation concerning Non-Bank Financial Institutions	9	31
Law Nr. 5464 and related Legislation	16	10
Accounting	14	34
Other Legislation	20	45
Total	117	202

2.2.7 Support Activities

2.2.7.1 Management Information Systems of the Agency

Filing System: Activities of archive services of the Agency were continued within the framework of Law on Eliminating the Documents and Equipments Unnecessary to be Preserved Nr. 3473 about providing the unity in archive services and activities of public institutions and organizations and detecting, preserving, organizing the archive documents and collecting them under the roof of State Archive as well as the Regulation on State Archive Services prepared by the Prime Ministry pursuant to this Law. Consequently to the bidding realized to purchase the service of scanning of the documents belonging to the Agency their transmission to digital environment to create a physical archive, pursuant to the Public Procurement Law Nr. 4734; the studies of establishing the digital archive of the Agency and organizing the archive physically were started with the firm gaining the bid for one year and this work was completed and approved definitely as of January 29, 2010.

Reports/Writing/Duty Monitoring Application: The studies concerning the implementation of a Report/Writing/Duty Monitoring application for the users of documents belonging to supervisory units and for the related Heads of Department and Vice Chairman were continued.

It is planned that this study will be completed in 2010. With the completion of screens providing the monitoring of opinions related to reports as well as the answers to these opinions, the software will be completed.

Reuters Services Infrastructure Improvement Studies: To make the Reuters Services used by the Agency faster and more efficient, the capacity of data transmitting line was increased. A new generation of Reuters software (Reuters Trader) to which the users may access even when they are outside the Agency will be implemented within the first months of 2010.

Renewal of Laptops Used by the Career Personnel: Laptops allocated to career personnel in 2004 and 2005 have become insufficient to meet the requirements

consequently to the fast development of information technologies. Moreover, the legal amortization period of these computers which is five years is completed. A bidding was realized for the renewal of these computers and the process of purchasing laptops which can meet both today's technological requirements and the personnel's demand to be mobile who are working outside the Agency and carrying the qualifications of lightness, solidity, and high battery life were completed in 2009.

Preparation of Corporate Information Security Documents: The corporate information security documents are documents prepared to make a corporation analyze the menaces and deficiencies in information systems and become aware of risks, make the technical security solutions integrated to its system, realize regulations considering information security in the contracts and increase the awareness of users about information security. Documents of information security policies in five different subjects were composed to introduce the information security target of the Agency and to draw the framework of rules and methods to reach this target. Those are; BRSA Information Systems Acceptable Usage Policy, E-Mail Usage Policy, Antivirus Policy, Physical Security Policy and Wireless Usage Policy.

Page of Applications for Exams: Exam Application Software was improved. The applicants data was verified with the database of Republic of Turkey General Directorate of Population and Citizenship Affairs using applicants' T.R. Identity Numbers.

Following-Up of Annual Leave and Retirement Operations: Software concerning annual leaves and retirements were improved.

Improvement of Querying the Data of Banks Reporting System (BRS) Inside the Agency: In 2010, new technologies to improve the performance of query of data upon the BRS will be researched and the present query tool will be reviewed within this scope.

BDTS - BRS Windows Application: In 2010, the BRSA Data Transfer System presently used and the Banks Reporting System Client Application used by related banks are planned to be updated.

Internet Applications: The BRSA website was visited 1.183.784 times by 485.202 visitors during 2009. The number of monthly visits varies between 60.000 and 120.000; the average is nearly 90.000.

The most visited pages within the BRSA website in 2009, including the number of visits are; Credit Arrangement Application (229,075), Legislation (183,612), Announcements (172,788), Publications and Reports (113,420), Statistical Data (57,421), Contact Us (55,978), Institutions (50,945), Credit Card Information (45,071) and Basel II (26,942).

Table 2-22 Most Visited Internet Pages of the Agency

Visited Pages	2008		2009	
	Nr.	% Share (1)	Nr.	% Share (1)
Credit Arrangement	-	-	229,075	24.5
Legislation	90,774	23.9	183,612	19.6
Human Resources/ Announcements	61,491	16.2	172,788	18.5
Statistical Data	53,189	14.0	57,421	6.1
Basel 2	41,816	11.0	26,942	2.9
Contact Us	41,791	11.0	55,978	6.0
Publications and Reports	39,967	10.5	113,420	12.1
Institutions	31,026	8.2	50,945	5.4
Credit Card Information	19,309	5.1	45,071	4.8

(1) The percentages show the internal distribution of number of visits belonging to the most visited pages within the Table.

2.2.7.2 Training Activities

The participation of the Agency's career personnel and other employees to in-service trainings, courses, seminars and similar educative activities inside the country was provided to increase their knowledge and skills about their duties, to follow their professional development and to renew themselves.

In 2009, 4.141 days of domestic and abroad trainings were realized. The number of participants increased by 22%, the number of days increased more than 100%.

Table 2-23: Domestic and Abroad Training Activities

	2008	2009
Nr. of Participants	778	950
Nr. of Days	2,065	4,141

When we compare the training subjects with those in 2008; a general increase is observed in all subject titles. The highest increase is observed in trainings concerning computer and risk.

Table 2-24: Training Activities by Subjects

Subjects	Nr. of Participants		Nr. of Days	
	2008	2009	2008	2009
General Banking	45	50	186	317
Accounting	66	22	644	47
Economy	75	106	107	222
Supervision	17	87	112	239
Law	2	14	12	35
Risk	62	102	77	344
Computer	21	244	44	799
Money Laundering	3	22	15	53
Quality	-	11	-	33
Other (EU, legislation, etc.)	487	292	868	2,052
Total	778	950	2,065	4,141

It is seen that the courses and seminars organized by the Federal Reserve System (FED), Islamic Development Bank (ISDB) and Financial Services Authority (FSA) which were not participated in 2008 were participated frequently in 2009. After the acceptance of the Agency to Basel Committee on Banking Supervision in 2009, an important number of the Agency's personnel have participated to the workshops, meetings and seminars realized by the Committee. Moreover, other courses, seminars, conferences organized by finance and supervision authorities from all around the world were participated.

Table 2-25: Training Activities Abroad by the Organizing Institutions

Institutions	Nr. Of Days		Distribution %	
	2008	2009	2008	2009
FDIC	71	-	14.6	-
FED	-	109	-	11.4
FSI	16	27	3.3	2.8
IMF	29	31	6.0	3.2
WB	18	16	3.7	1.7
ISDB	-	17	-	1.8
FSA	-	6	-	0.6
OCC	25	37	5.2	3.9
Other	326	714	67.2	74.6
Total	485	957	100	100

The list of Fundamental and Preparatory Education Programs for recently employed personnel in the Agency and in-service trainings for personnel employed for two years and which will take their examinations for authority, as well as the domestic courses, seminars, conferences and educative programs to which the educated personnel participate to update their knowledge is given below.

Table 2-26: Domestic Training Activities by Subjects and by Participants

Subjects	Participation		Nr. Of Days		Participant Profile (1)
	2008	2009	2008	2009	
Fundamental and Preparatory Education Program	-	37	-	970	ASBA-ABE
Credit Risk (2)	-	38	-	190	ASBA-ABE
Research and Thesis Writing Techniques	-	61	-	122	ASBA-ABE
Asset-Liability Management Training (2)	31	-	155	-	SBA-ASBA-BE-ABE
Turkish Accounting Standards Training	60	-	630	-	ASBA-ABE
Preparatory Training for Authority Exam	53	62	255	310	ASBA-ABE
Financial Software User Training	-	141	-	282	SBA-ASBA-BE-ABE
Efficient Supervision and Stress Test Training (3)	-	70	-	121	SBA-ASBA-BE-ABE
Project Management	-	14	-	70	BE-ABE
Other (4)	270	377	540	1.119	SBA-ASBA-BE-ABE –M
Total	414	800	1,580	3,184	

(1) SBA: Sworn Banks Auditor, ASBA: Assistant Sworn Banks Auditors, BE: Banking Experts, ABE: Assistant Banking Experts, M: Mixed

(2) Training was realized by the officials of Federal Reserve System (FED).

(3) Realized by TAIEX officials.

(4) Programs about general banking, economy, law, legislation etc, organized by educative institutions such as Banks Association of Turkey, OECD, Central Bank, PWC.

In 2009, 7 career personnel was sent by the Agency to USA and UK to study banking, finance, economy, business, statistics, econometrics, accounting, mathematics, international relations, engineering and law for their master's degree. Furthermore, foreign language educations were provided to 44 personnel to improve their foreign language levels.

With the cooperation of Turkish International Cooperation and Development Agency and the Agency; a two-weeks training was organized for a delegation by 21 persons employed in the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Institutions, between May 25, 2009 and June 5, 2009 in the Ankara and Istanbul buildings of the Agency. During this training entitled Supervision of Financial Sector and Risk Management, recent developments concerning risk experienced in banking were considered and the Turkish financial and banking systems were introduced.

Within the framework of sharing the Agency's experiences with other supervisory authorities, trainings of on-site and off-site supervision were realized by the Agency's personnel in Nicosia on June 01-10, 2009 for the workers of the Central Bank of TRNC and in Baku on July 06-16, 2009 for the workers of the Central Bank of Azerbaijan.

2.2.7.3 Communication Activities

Within the scope of sphere of duties of the Agency, press conferences, press releases and advertisements were realized and thus the information related to the sector was shared with public. The inventory of 31 press releases realized by their subjects is given below.

Similar to 2008, the highest share among press releases belongs to those concerning BRSA publications with 61.1% in 2009. The content of this category including studies such as Financial Markets Reports, Monthly Bulletin, Journal of BRSA Banking and Financial Markets, Risk Bulletin is also announced to public on the web-site of the Agency's. This category is followed by press releases concerning Corporate Activities and studies about Basel 2.

Table 2-27: Distribution of Press Releases by Subjects

Subject	2008		2009	
	Nr.	%	Nr.	%
Implementations concerning Banks	11	37.9	2	6.5
Basel 2	2	6.9	3	9.8
Corporate Activities	2	6.9	6	19.4
Publications	13	44.8	19	61.1
Other	1	3.5	1	3.2
Total	29	100	31	100

Information requests transmitted by media concerning the supervisory and regulatory activities of the Agency were answered by taking the opinions of related units, and the documents and materials demanded concerning the Agency were delivered to media institutions.

Daily Press Bulletin prepared by compiling articles from journals, magazines and financial bulletins published internationally, and including news, comments and evaluations concerning banking sector and financial markets is brought into use of personnel via intranet, and also sent to related ministers, public banks and managers of some public institutions.

Several presentations were realized in activities such as conferences and symposiums organized by public institutions, private sector and universities within the aim of information sharing and introducing corporate structure and activities.

3 FINANCIAL INFORMATION

3.1 Budget Realization Results

In the budget of 2009, it was predicted that the contribution rate shall apply as 2 per ten thousand and that the institutions within the scope of supervision shall allocate TL 124.5 million for contribution to expenses. Nevertheless, TL 121.4 million was collected from institutions as contribution rate and while the share of income from contribution rates within total incomes is realized as 79%, the remaining 21% is composed of interest rates coming from TL time deposit accounts and the sales of the Agency's land located in Ankara and some of the vehicles.

Table 3-1: Income Budget and Realizations

(TL Thousand)	Budget		Realization		Diff. (Bud./ Rea.)	
	2008	2009	2008	2009	2008	2009
Contribution Rate Incomes	90,000	124,500	78,195	121,388	-11,805	- 3,112
Land Revenues				20,992		20,992
Inc. from Sales of Land				20,903		20,903
Inc. from Sales of Vehic.				89		89
Other Incomes	15,000	15,500	9,817	14,822	-5,183	-678
Interest Incomes	14,945	15,200	9,376	11,020	-5,569	- 4,180
Other Several Incomes	55	300	441	3,802	386	3,502
Total	105,000	140,000	88,012	157,202	- 16,988	17,202

When preparing the 2009 budget, it was predicted that TL 124.5 million would be collected from banks as contribution rates. However, the contribution rate collected was TL 121.4 million. While among the 2009 incomes, the share of contribution rates was 77%, the remaining 23% was composed from interest incomes coming from time deposit accounts and the sales of the Agency's land located in Ankara and some of the vehicles.

In the Budget of 2009, it was specified that the Agency's resources may be assessed in domestic government bonds, foreign currency accounts or in TL time deposit accounts. As a result of assessment of Agency's funds within the framework of the provisions of Communiqué on Public Treasurer and the Board Resolution Nr. 979 dated January 31, 2003, interest income amounting TL 11 million was obtained as of 2009.

When initial allocations, allocation transfers, total amounts of expenses and remaining allocation amounts of the 2009 expenses budget are analyzed by main expenditure items, it is seen that TL 140 million was allocated in total in 2009. The income coming from the sales of the Agency's land in Ankara was allocated as reserve and accordingly, with the extra allocation the budget allocation was TL 161 million; TL 157 million of it was spent.

Table 3-2: Allocations and Expenses Realizations

(TL Thousand)	Budget Allocation							
	Initial Allocation		Available		Expenses		Remaining	
	2008	2009	2008	2009	2008	2009	2008	2009
Personnel Expenses	31,362	37,912	32,990	35,314	30,748	34,303	2,243	1,011
Soc. Sec. Ins. Premium Exp.	3,960	2,157	2,332	1,755	1,232	1,376	1,100	379
Goods and Serv. Purchases	35,451	39,206	35,451	25,424	21,312	23,185	14,139	2,239
Current Transfers	1,273	1,936	1,566	760	1,561	713	5	47
Capital Exp.	32,954	58,789	32,661	97,650	647	97,625	32,013	25
Total	105,000	140,000	105,000	160,903	55,500	157,202	49,500	3,701

Among the total expenses amounting TL 157 million, the items having the highest share are; capital expenses with TL 97.6 million, personnel expenses with TL 34.3 million and goods and service purchases with TL 23.1 million. Within this framework, 21.8% of total expenses amount was composed of personnel expenses, 0.9% of premium expenses paid to social security institutions for Agency's personnel, 14.7% of goods and service purchases, 0.5% of current transfers and 62.1% of capital expenses.

In 2009, most important component of goods and service purchases item was composed of rents paid for the Agency's buildings. Generally, when the distribution by allocation types is analyzed, it is seen that the shares of consumption goods and equipment purchases, fixture purchases, machinery-equipment and vehicle purchases, and transportation allowances within total expenses are considerably low, which demonstrates the retrenchment policy applied in the Agency.

Table 3-3: 2009 Budget Final Accounts

Code and Name of Budget (TL Thousand)	Available		Expenses	Remaining Alloc.
	Initial Alloc.	Alloc.		
00.02- Private Secretariat	6,583	5,959	5,813	146
00.04- Department of Support Services	106,071	121,585	120,768	817
00.24- Department of Legal Affairs	5,880	3,262	2,916	346
41.00- Supervision Department I	4,748	3,492	3,273	219
42.00- Supervision Department II	5,481	3,816	3,517	299
43.00- Supervision Department III	4,783	3,263	3,057	206
44.00- Regulation Department	1,984	1,584	1,446	138
45.00- Enforcement Department I	1,900	2,115	1,889	226
46.00- Enforcement Department II	1,637	1,591	1,486	105
47.00- Dept. of Strategy Development	5,999	2,526	2,268	258
48.00- Dept. of Information Management	8,250	5,187	4,750	437
49.00- Supervision Department IV	3,600	2,395	2,167	228
50.00- Enforcement Department III	1,290	1,608	1,535	73
51.00- Dept. of Risk Management	1,962	1,592	1,448	144
52.00- Dept. of Foreign Relations	735	928	869	59
Total	140,000	160,903	157,202	3,701

In the Article 17 of the Public Finance Management and Control Law number 5018, it is provisioned that regulatory and supervisory institutions shall prepare their budgets according to three-years budgeting approach, strategic plans and performance targets and corporate, functionary and economic classification system.

The application results of the Agency's 2009 Budget prepared according to the Analytical Budget System within the framework of provisions of the mentioned law and the regulations of Ministry of Finance are summarized within the table below.

3.2 Explanations concerning Fundamental Financial Statements

3.2.1 Balance Sheet

Almost all of TL 77.4 million within the scope of liquid assets is composed of bank accounts as of end-2009. Commercial receivables item amounting TL 0.4 million shows the receivables from contribution rate.

Table 3-4: Summarized Balance Sheet

ASSETS (TL Thousand)	2008	2009
1. Total Current Assets	156,657	78,432
1.1 Liquid Assets	154,852	77,357
1.2 Commercial Receivables	826	376
1.3 Other Receivables	803	585
1.4 Stocks	122	113
1.5 Other Current Assets	54	0
2. Total Fixed Assets	1,593	170,722
2.1- Tangible Fixed Assets	1,593	170,722
2.1.1- Tangible Fixed Assets (gross)	7,288	176,287
2.1.2- Accumulated Amortization	-5,696	- 5,565
2.2- Intangible Assets	0	0
2.2.1- Rights	1,480	1,746
2.2.2- Accumulated Amortization	-1,480	- 1,746
TOTAL ASSETS	158,250	249,153
LIABILITIES (TL Thousand)		
1. Total Current Liabilities	1,448	76,326
1.1 Financial Debts	0	0
1.2 Commercial Debts	58	74
1.3 Other Debts	234	179
1.4 Taxes and Other Liabilities	1,156	2,573
2. Total Long Term Liability Payments	121,383	76,089
2.1 Income Relating to Future Periods and Expense Accruals	121,383	76,089
3. Total Own Funds	35,419	96,250
3.1 Positive Activity Results for Past Years	85,924	85,924
3.2 Negative Activity Results for Past Years	-83,097	-83,097
3.3 Period Negative Activity Result	0	0
3.4 Period Positive Activity Result	32,592	93,423
TOTAL LIABILITIES	158,250	249,153

Among the short termed debts of the Agency amounting TL 76 million; TL 73 million is comprised of the debt emanating from purchase of land in Istanbul from TOKI and which shall be paid until February 2010, TL 2.6 million is comprised of withholding tax return relating to the period of December 2009 and the tax debt which shall be declared and paid until January 23, 2010, TL 94 thousand is comprised of several payments to the personnel and TL 631 thousand is comprised of the amounts to be paid to other persons and institutions.

3.2.2 Income Statement

The main income item of the Agency is the contribution rates coming from institutions subject to supervision.

Table 3-5: Summarized Income Statement

Items (TL Thousand)	2008	2009
1.1. Contribution Rate Incomes	78,636	121,388
1.2. Sales Revenue of Land	0	20,903
1.3. Other Incomes	0	3,891
2. Sales Discount	0	0
3. Net Incomes (1-2)	78,636	146,182
4. Cost of Sales	0	0
5. Activity Expenses	55,420	60,068
6. Activity Profit or Loss (3-5)	23,217	86,115
7. Ordinary Incomes from other Activities	9,376	11,020
8. Ordinary Expenses from other Activities	0	0
9. Financing Expenses	0	0
10. Extraordinary Incomes	0	0
11. Extraordinary Expenses and Losses	0	0
Period Result (6 + 7 - 8 - 9 + 10 -11)	32,592	97,134

3.3 Financial Audit Results

In the article 101 of the Banking Law Nr. 5411, it is foreseen that the internal audit of the Agency shall be realized within the framework of principles and procedures which will be specified by the Board and that the provisions of the Public Finance Management and Control Law Nr. 5018 shall 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 to the article 68 of the Law Nr. 5018.

4 EVALUATION OF INSTITUTIONAL CAPACITY

4.1 Advantages

- ⊕ Institutional reliability and respectability tested during economic fluctuations,
- ⊕ Strong and flexible financial structure established by the Law Nr. 5411 and other related legislation,
- ⊕ Power to exercise the authorities given by the Law,
- ⊕ Strategic, risk based and proactive management approach,
- ⊕ Increasing expertise and efficiency and decreasing coordination requirement in organization structure,
- ⊕ High quality labor force; effective combination of experience and young employment,
- ⊕ Information systems based on modern technologies; flexible, effective and efficient use of technology.

4.2 Disadvantages

- ⊗ Global economic conditions,
- ⊗ Requirement of a new regulation of financial markets worldwide,
 - ⊗ Administrative and operational difficulties which may appear within scope of the Istanbul International Financial Center Project,
- ⊗ Difficulties met in establishing independence.

4.3 Evaluation

Thanks to the strategic and proactive management approach of the Agency, the negative effects of the global economic fluctuation occurred in 2009 and its reflections on the Turkish economy on the banking system and financial sector remained limited. On the other hand the institutional capacity of the BRSA has passed successfully from in an important examination.

Sectoral power in 2009 despite the economic developments has contributed considerably to the BRSA to gain reliability and respectability. The impulsive force for these institutional achievements is composed of independency, organization structure, human performance and technology.

Despite these advantages of corporate ability and capacity, the difficulties created by global economic conditions and their effects remain important. New regulation

approaches tried to be developed to prevent and manage global economic fluctuations mean new difficulties for Turkey which is an important actor in global economy. The other fundamental difficulties for the BRSA are the administrative and operational ones composed within scope of the Istanbul International Financial Center Project. Difficulties met during the establishment of independency which is an advantage are limiting the ability and capacity of the Agency.

Annexes

ANNEX 1. List of BRSA Publications in 2009

Nr.	Title of the Publication	Date of Publication
Working Papers		
1	From Crisis to Financial Stability Turkey Experience (Revised Second Edition)	December 2009
2	England Experience in Global Crisis	July 2009
3	From Crisis to Financial Stability Turkey Experience	April 2009
Financial Markets Report		
1	Financial Markets Report (September 2009)	December 2009
2	Financial Markets Report (June 2009)	September 2009
3	Financial Markets Report (March 2009)	June 2009
4	Financial Markets Report (December 2008)	April 2009
Structural Developments in Banking		
1	Structural Developments in Banking Issue 3	August 2009
Journal of BRSA Banking and Financial Markets		
1	Journal of BRSA Banking and Financial Markets Volume 3 Issue 2	December 2009
2	Journal of BRSA Banking and Financial Markets Volume 3 Issue 1	July 2009
Risk Bulletin		
1	Risk Bulletin Issue 4	October 2009
2	Risk Bulletin Issue 3	July 2009
3	Risk Bulletin Issue 2	April 2009
4	Risk Bulletin Issue 1	February 2009
Banking Sector Basel 2 Progress Reports		
1	Banking Sector Basel 2 Progress Report	September 2009
2	Banking Sector Basel 2 Progress Report	May 2009
BRSA Annual Reports		
1	BRSA Annual Report 2008	April 2009

ANNEX 2. Chairmen and Members in BRSA

Name-Surname	Title	Date of Initiation	Date of Leaving
Chairmen			
Tevfik BİLGİN	Chairman	01.12.2003	Current
R. Engin AKÇAKOCA	Chairman	19.03.2001	05.11.2003
Zekeriya TEMİZEL	Chairman	06.04.2000	03.03.2001
Vice Chairmen			
Ahmet ŞİRİN	Vice Chairman	12.08.2003	Current
İbrahim Halil ÇANAKCI	Vice Chairman	11.12.2002	05.05.2003
Ali Vefa ÇELİK	Vice Chairman	13.06.2001	07.08.2001
Biltekin ÖZDEMİR	Vice Chairman	06.04.2000	13.06.2001
Members			
Selim Servet TAŞDELEN	Member	25.01.2010	Current
Mutalip ÜNAL	Member	06.10.2009	Current
Mustafa AKIN	Member	16.11.2007	Current
Erol BERKTAŞ	Member	14.11.2007	Current
Hüseyin AL	Member	28.07.2005	Current
Mukim ÖZTEKİN	Member	02.10.2009	08.01.2010
Prof. Dr. Yusuf TUNA	Member	12.08.2003	12.08.2009
Mustafa EKİM	Member	01.07.2003	01.07.2009
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
Atila 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
Selim 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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