

2011



**BANKING
REGULATION AND SUPERVISION
AGENCY**

ANNUAL REPORT



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ANNUAL REPORT 2011

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

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

The Annual Report 2011 prepared within this framework is consisted of four main parts:

- Section one provides general information about the Agency,
- Section two part includes the activities of the Agency conducted by the BRSA on functional basis,
- Section three reviews the financial information of the Agency,
- Section four evaluates institutional capacity.



In 2011, national and international efforts to eliminate effects of the global crisis, determine and prevent systematic risk have continued increasingly. International organizations, particularly G-20 made efforts to improve international principles and standards as well as applications in light of the recent experiences. Accordingly, international authorities have been encouraged to strengthen regulation and supervision systems in the light of new developments and establish closer cooperation. In this framework, our Agency actively participated in these processes and Turkish banking sector continued to set a good example with its strong capital and profitability structure, manageable risk profile and stable growth.

As of end-2011, there are 211 financial institutions in total within the scope of regulation and supervision of the Agency, namely 48 banks, 45 foreign bank representatives, 31 financial leasing companies, 75 factoring companies and 12 financing companies. Total balance-sheet value of these institutions increased by 21% compared with previous year amounting to TL 1,261 billion as of December 2011. This level is around 94% of gross domestic product. Furthermore, when 8 asset management companies, 3 financial holding companies, 42 independent audit institutions, 3 rating institutions, 56 valuation institutions, 1 credit reference institution and 3 institutions operating in bank card and credit card field are taken into consideration number of institutions under supervision of the BRSA would reach 327.

Main activities carried out by the Agency in 2011 were; among others, second Financial Sector Assessment Program (FSAP-Turkey) studies, finalizing regulation drafts for adapting standards for Basel 2 thereby initiating 1-year parallel run period, preparation studies in cooperation with the related institutions for the strategy and action plan on financial consumer protection, completing and carrying into practice thereof the infrastructure for internal audit system and contributing Istanbul International Finance Center Project studies.

Main agenda of our Agency for 2012 is composed of putting Basel 2 implementations into practice, bringing the strategy and action plan concerning financial consumer protection into force, preparing a new strategic plan for the BRSA, studies of compliance with international policies regarding particularly systemic risk and macro prudential regulations, strengthening the systems of intra-Agency risk management, business continuity, emergency and disaster-recovery through infrastructure studies and carrying on Istanbul International Finance Center Project studies.

We regard annual reports as an efficient tool of transparency and accountability. I present the BRSA 2011 Annual Report prepared by this understanding to the public with the hope to be useful for everyone and thank my colleagues for their hardwork.

Tevfik BİLGİN
Chairman



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Abbreviations

ABS	Analytical Budget System
BADES	Independent Audit Follow-up System
BAFIN	German Financial Supervisory Authority
BAFPER	Bank Financial Performance Report
BAT	The Banks Association of Turkey
BCBS	Basel Committee on Banking Supervision
BDTS	Banking Data Transfer System
BIS	Bank for International Settlements
BRS	Bank Reporting System
BRSA	Banking Regulation and Supervision Agency
CBRT	Central Bank of the Republic of Turkey
CMB	Capital Markets Board
CPS	Country Cooperation Strategy
EBA	European Banking Authority
ECB	European Central Bank
EFT	Electronic Fund Transfer
EU	European Union
FAQ	Frequently Asked Questions
FDIC	USA Federal Deposit Insurance Corporation
FED	Federal Reserve System
FINTURK	Turkish Financial Map
FINWORLD	Financial Maps of the World
FSA	UK Financial Services Authority
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
FSC	Financial Sector Commission
FSI	Financial Stability Institute
GNAT	Grand National Assembly of Turkey
ICTA	Information and Communication Technologies Authority
IFC	Istanbul International Finance Center
IFRS	International Financial Reporting Standards
IFSB	Islamic Financial Services Board
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commission
IPA	Instrument of Pre-Accession Assistance
ISDB	Islamic Development Bank
JSC	Joint Stock Company
KKB	Credit Bureau of Turkey
MASAK	Financial Crimes Investigation Board
MERNİS	Central Civil Registration System
NBFI	Non Bank Financial Institutions
OCC	Office of Comptroller of the Currency
OECD	Organization for Economic Cooperation and Development
OG	Official Gazette
POS	Point of Sale
RFA	Risk Focused Audit
SDIF	Savings Deposit Insurance Fund
SRCC	Systemic Risk Coordination Committee
TAIEX	Technical Assistance Information Exchange Unit
TAS	Turkish Accounting Standards
TASB	Turkish Accounting Standards Board
TCC	Turkish Commercial Code

Abbreviations

TFRS	Turkey Financial Reporting Standards
TL	Turkish Lira
TR	Turkish Republic
TRNC	Turkish Republic of Northern Cyprus
TUBITAK	The Scientific and Technological Research
UEKAE	National Research Institute of Electronic and Cryptology
UPS	Uninterrupted Power Supply
USA	United States of America
WB	The World Bank

1. GENERAL INFORMATION

1.1 Mission and Vision

Within the framework of its duties and authorities, the mission of the Banking Regulation and Supervision Agency (the Agency) is to ensure confidence and stability in financial markets, enable credit system to operate effectively, protect rights and benefits of depositors, ensure sound and secure operation of institutions subject to the Agency's supervision in a well-organized manner with market discipline and to determine strategies for improvement of the financial services sector.

The BRSA's vision is to be an administrative authority at international standards with regional leadership role on the basis of good regulation and effective supervision in financial markets, efficient risk management, competitiveness and efficiency at international scale, the EU accession, transparency and accountability as well as innovativeness and perfectionism in financial markets, considering balances between parties, preserving reliability and organizational integrity.

1.2 Main Values

Main values of the Agency in order to carry out and implement its vision while establishing and implementing required regulatory and supervisory framework are as follows;

Reliability refers to carrying out activities of the Agency by considering public benefit in an equal, fair, consistent, predictable and independent manner for all related parties, ensuring the transparency by informing the public regularly on activities, being accountable by being open and ready for public evaluation and audit.

Independency refers to performing and using independently the duties and rights under the responsibilities as a public legal person with administrative and financial autonomy, assigned thereto by the legislation without taking order or instruction from any organ, authority, entity or person, using independently financial resources allocated to the extent the duties and powers necessitate within the framework of the principles and procedures set out by the budget, to employ adequate number of personnel with required qualifications in order to fulfill the duties and powers efficiently and that decisions of the institution would not be kept subject to audit of appropriateness.

Impartiality refers to treating all parties equal and objectively and to avoid all types of discrimination while fulfilling the duties and exercising authorities.

Efficiency is to carry out activities of the Agency by qualified and specialized staff in light of cost/benefit approach and timeliness basis, in a risk and quality-focused manner which is open to innovation and also increases the competitive power of the financial sector.

Cooperation and Participation refer to carrying out activities of the Agency in active cooperation and solidarity with related national and international agencies/institutions by considering views of related parties.

Responsiveness refers to evaluating and responding developments in global and local financial system as well as reasonable requests, suggestions and complaints of related persons in a timely and efficient manner, and keeping them subject to regulation and enforcement in case of necessity.

1.3 Duties, Authorities and Responsibilities

Pursuant to the related provisions of the Banking Law Nr. 5411, Bank Cards and Credit Cards Law Nr. 5464, Financial Leasing Law Nr. 3226 and Decree Law Nr. 90 on Lending Transactions; main duties, authorities and responsibilities of the Agency in order to ensure the reliability and stability in financial markets, the sound operation of the credit system and the protection of the rights and interests of savers 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 reserving provisions of other laws and related legislation,
- To use authorities given by the legislation through the regulatory transactions or case-specific decisions by the Board, 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 equivalent institutions, domestic and abroad, attend, accordingly participate actively in activities of the Financial Stability Board and Basel Committee, to sign memorandums of understanding with competent authorities of foreign countries on subjects that fall within the field of activity of the Agency,
- To prevent any transactions and practices that may jeopardize rights and benefits of savers and regular and safe operation of banks and which may cause significant losses in the economy, taking necessary decisions and measures so as to ensure and to implement an effective operation of the credit system,
- To set strategies in order to develop financial services sector,
- To monitor, audit and analyze the implementation of the provisions in the legislation about the institutions within the scope of the Banking Law and any transaction of these institutions as well as all factors affecting their financial structures,
- To conduct licensing transactions stipulated in the Banking Law and related laws,
- To demand any information and document from the institutions and their partnerships within supervision scope relating implementation of legislation,
- To publish reports on its own activity and strategies, important developments in the related sectors and performances of the institutions within the scope of audit and to prepare necessary environment for the Turkish Court of Accounts' audit,

submit information to the Grand National Assembly of Turkey (GNAT) to ensure transparency and accountability by announcing its final accounts to the public,

- To cooperate with competent authorities, domestic and foreign, in conducting money, credit and banking policies, audit, information sharing and other issues,
- To carry out the Systemic Risk Coordination Committee, the Financial Sector Commission and the Coordination Committee operations and related secretariat services thereof,
- To ensure effective operation of card payment system through regulating the procedures and principles for issuing and using bank and credit cards and settlement and clearing transactions thereof,
- To carry out licensing transactions and monitor and audit activities of institutions, which seek to establish card system, to issue cards, to make agreements with merchants to carry out exchange of information and settlement and clearing transactions.

1.4 Goals and Targets

Within the scope of the BRSB Strategic Plan (2010-2012) which entered into force as of January 1, 2010 pursuant to the Resolution of the Banking Regulation and Supervision Board dated May 6, 2010 and Nr. 3657, the main goals of the Agency are determined as: (1) Improving administrative capacity, (2) Establishing flexible, efficient and comprehensive regulatory framework, (3) Improving reliability and stability in financial markets, (4) Improving financial sector and (5) Protecting consumer/customer rights.

Targets of the Agency with respect to the goals to which they are related are as follows:

Improving administrative capacity;

- Developing human resources compatible with changing financial and economic environment,
- Improving corporate governance,
- Enhancing research and analysis capacity,
- Improving physical sources,
- Improving cost efficiency in activities of the Agency,
- Improving institutional culture,
- Strengthening communication with the public,
- Improving financial and social facilities of the Agency,

Establishing a flexible, efficient and comprehensive regulatory framework;

- Reviewing regulations in accordance with current conditions within the scope of good regulation principle,

- Keeping all institutions, markets and instruments within the scope of the authority of the Agency subject to prudential regulation and supervision,
- Increasing efficiency and effectiveness of the supervision by adopting new approaches and instruments,
- Increasing efficiency of enforcement process,

Increasing confidence and stability in financial markets;

- Monitoring risks in household and corporate sectors as well as asset markets,
- Monitoring financial markets more efficiently,
- Monitoring policies relating to financial markets,
- Increasing the efficiency of systemic risk management,
- Increasing cooperation with related domestic and foreign authorities,

Improving financial sector;

- Enhancing competitive capacity of financial system,
- Evaluating efficiency of transaction and intermediation costs on a regular basis,
- Increasing and maintaining cooperation and dialogue among related parties of the financial sector,
- Supporting joint projects amongst institutions under BRSA supervision,
- Increasing capacity of financial sector,

Protecting consumer/customer rights;

- Focusing on programs for raising awareness of consumers/customers,
- Ensuring that consumers/customers benefit fairly from financial services and are treated equally,
- Increasing sensitivity in protecting consumer/customer information,
- Improving solution process for consumer notice and complaints,
- Extending professional principles.

1.5 Information on the Agency

1.5.1 Physical Structure

The BRSA uses Ankara İş Tower which was rented from İş Gayrimenkul Yatırım Ortaklığı A.Ş. as the main service building since date of its establishment; which is constituted of three blocks and a total use of 24,400 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 Structure of the Organization

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

Current organizational structure of the Agency has basically been regulated by the Banking Law Nr. 5411 published in the Official Gazette dated November 1, 2005 Nr. 25983 and the Decision of Council of Ministers Regarding 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, considering broad duties and authorities of the BRSA, the Regulation on the Organization of the Banking Regulation and Supervision Agency was amended through the Decision of Council of Ministers published in the Official Gazette dated March 1, 2008 and Nr. 26803.

Headquarter of the Agency is in Ankara and some activities are to be carried out in Istanbul. On the other hand, according to the provisions of the Banking Law amended pursuant to the Law Nr. 6111 published in the (Repeated) Official Gazette dated February 25, 2001 Nr. 27857, the headquarter of the Agency has been specified as Istanbul; and it has been provisioned that administrative center of the Agency will be Ankara until the finalization of the operations concerning moving to Istanbul.

The Agency constitutes 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 circumstances stipulated in the Law.

Chairmanship Organization is comprised of the Chairman, Vice-Chairmanships and service units. There are three vice-chairmanships in the organization of BRSA; and advisors to the chairmanship can be assigned in fields such as law, press and public relations, administration and finance conditioned 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 are audit groups comprised of sworn banks auditors and assistant sworn banks auditors as well as banking specialists and assistant banking specialists within the audit departments. There are also audit teams in audit groups carrying out their duties on institutions basis. In addition, joint audit, examination, investigation, project and/or other working teams may be constituted from the career personnel in audit departments and other departments; also teams may be constituted for audit of risk models and examination of risk analysis, banking issues as

Table 1-1: Developments in Information Sources

Type of Material	End-2010 Total		Added in 2011		End-2011 Total	
	Ankara	Istanbul	Ankara	Istanbul	Ankara	Istanbul
Books	10,875	4,773	553	86	11,428	4,859
Turkish Periodicals	156	68	23	-	179	68
Foreign Periodicals	55	10	-	-	2	6
Turkish Databases	3	2	1	-	4	2
Foreign Databases	9	8	6	6	15	14
Visual-Audio Materials	238	85	8	-	246	85

Within the scope of 2012 library working program; it is planned to enrich the existing collection with actual printed and electronic sources relating to the Agency's field of activity, to renew contents of the library intranet page, to provide incentives to increase the use of information sources and to meet the requirements.

1.5.4 Human Resources

Pursuant to Article 92 of the Banking Law, permanent duties and services required by the responsibilities granted to the Agency are carried out by the career personnel and administrative personnel comprised of sworn bank auditors, 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-Chairmen, heads of departments, managers, advisors to the Chairmanship, career 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 statement (I) annexed to the Law Nr. 5411 and the ratio of staff who does not have the title of manager, advisor, and career personnel is limited with 30% of total staff number.

As of end-2011, a total of 518 personnel employed in the Agency constituted of managers, advisors, career personnel and other personnel. 70.1% of the personnel are career personnel.

Table 1-2: Distribution of Agency's Personnel

	2007	% Share	2008	% Share	2009	% Share	2010	% Share	2011	% Share
Manager	15	3,0	20	4,0	20	3,8	20	3,8	18	3,5
Advisor	5	1,0	7	1,4	13	2,5	12	2,2	13	2,5
Career Personnel	348	69,3	342	68,5	357	68,8	369	69,5	363	70,1
Other Personnel	134	26,7	130	26,1	129	24,9	130	24,5	124	23,9
Total	502	100,0	499	100,0	519	100,0	531	100,0	518	100,0

In determination and provision of human resource requirements, it is necessary to act with principles of realizing activities to be executed with qualified and adequate number of personnel by taking into account mission and vision of the Agency. Hence, for providing human resource requirement in 2011, one assistant banking specialists who was successful in entering career examination was employed.

When distribution of career personnel as to seniority is observed, it is seen that 54% of the personnel have seniority of 5-10 years, and 27% of the personnel has seniority of 10 -20 years.

Table 1-3: Career Personnel by Seniority

Number / Percent	2007	% Share	2008	% Share	2009	% Share	2010	% Share	2011	% Share
Sworn-Banks Auditors	137	100	135	100	146	100	158	100	155	100
20 years and over	6	4	9	7	8	5	7	4	8	5
10-20 years	16	12	20	15	22	15	26	16	21	14
5-10 years	25	18	18	13	33	23	69	44	92	59
3-5 years	13	9	27	20	33	23	19	12	0	0
1-3 years	77	56	61	45	50	34	37	23	34	22
Banking Specialists	211	100	207	100	211	100	211	100	208	100
20 years and over	6	3	8	4	7	3	9	4	9	4
10-20 years	39	18	45	22	49	23	55	26	76	37
5-10 years	67	32	59	29	76	36	105	50	105	50
3-5 years	15	7	27	13	30	14	24	11	0	0
1-3 years	84	40	68	33	49	23	18	9	18	9
Total Career Personnel	348	100	342	100	357	100	369	100	363	100
20 years and over	12	3	17	5	15	4	16	4	17	5
10-20 years	55	16	65	19	71	20	81	22	97	27
5-10 years	92	26	77	23	109	31	174	47	197	54
3-5 years	28	8	54	16	63	18	43	12	0	0
1-3 years	161	46	129	38	99	28	55	15	52	14

When the distribution of personnel by age is observed, it is seen that 76% of the personnel is at the age of 40 and under, and that the highest share in age groups is 31-40 with 47%.

Table 1-4: Agency's Personnel by Age

Age Group	2010		2011	
	Number of Personnel	% Share	Number of Personnel	% Share
Up to 31	206	38,8	153	29,5
Age of 31-40	208	39,2	242	46,7
Age of 41-50	93	17,5	94	18,1
51 and above	24	4,5	29	5,6
Total	531	100,0	518	100,0

As of end-2011, 91.9% of the personnel has bachelor's degree, master's degree or PhD degree, while the ratio of personnel having master's degree and PhD degree to total personnel increased by about 2 points to 27.8% as to the previous year.

Table 1-5: Agency's Personnel by Education Background

Personnel (Number)	Associate Degree		Bachelor's Degree		Master's Degree		PhD Degree		Other	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Manager	-	-	4	4	14	12	2	2	-	-
Advisor	-	-	6	6	3	3	3	4	-	-
Career Personnel	-	-	264	251	99	106	6	6	-	-
Other Personnel	12	15	78	71	9	10	2	1	29	27
Total	12	15	352	332	125	131	13	13	29	27
% Share	2,3	2,9	66,3	64,1	23,5	25,3	2,4	2,5	5,5	5,2

Besides, when the distribution of personnel having bachelor's degree by education fields is observed, it is seen that they received education mostly on economics and administrative sciences.

Table 1-6: Agency's Personnel by Graduation Fields

Departments	2010		2011	
	Number of Personnel	% Share	Number of Personnel	% Share
Economics and Adm. Sciences	373	76,1	364	76,5
Law	35	7,1	35	7,3
Engineering	45	9,2	41	8,6
Mathematics - Statistics	16	3,3	16	3,4
Other	21	4,3	20	4,2
Total	490	100	476	100

1.5.5 Working Hours

Working hours of the Agency continued to be 08:30 am - 12:30 pm and 13:30 pm - 17:30 pm in 2011.

2. ANNUAL ACTIVITIES OF THE AGENCY

2.1 Banking Regulation and Supervision Board

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

Within this scope, 56 meetings were held and a total of 518 resolutions were realized by the Board in 2011.

Board resolutions may contain conclusion of more than one subject. For instance, a decision may be taken on whether or not an administrative sanction is going to be imposed relating to a practice violating the legislation, also as to whether an amendment is required to be made in the legislation on the same subject. Similarly, in a resolution, both criminal complaints may be filed and signature authorization of bank authorities may be terminated temporarily; separate fines may be imposed upon the same resolution due to illegitimate activities of a bank against both Banking Law and Bank Cards and Credit Cards Act. While making classification, a resolution has not been associated with more than one subject in order not to contradict with the total number of resolutions taken.

On the other hand, figures in tables include all resolutions which were submitted to the Board regarding the related issue positive or negative. For instance, 113 resolutions taken by the Board in 2011 regarding licensing activities include all decisions positive/negative.

Table 2-1: General Outlook of Board Resolutions

Subject	2010		2011	
	Number	% Share	Number	% Share
Banks	323	60,9	364	70,3
Financial Leasing, Factoring and Financing Companies	76	14,3	56	10,8
Independent Audit Institutions	14	2,6	11	2,1
Valuation / Rating / Outsource Companies	23	4,3	28	5,4
Asset Management Companies	4	0,8	4	0,8
Filing / Not Filing Criminal Complaint	30	5,7	30	5,8
Adm., Financial and Personnel Transactions of the Agency	60	11,3	25	4,8
Total	530	100,0	518	100,0

Similarly, figures under “establishment license”, “activity license”, “authorization” titles should not be considered as “number of companies” which made request. Because, permission may be given to more than one company upon the same resolution and another request/requests of a company whose first request was not approved are included in the figures in this classification.

Within the scope of the above-mentioned classification, when resolutions are analyzed by topics, it is observed that board resolutions on banks which comprise 70% of total resolutions increased by 13% in 2011 compared to previous year.

When board resolutions are analyzed by topics, it is observed that resolutions on sanctions rank first by 45.4%, followed by licensing activities of 21.8%.

When compared with the previous year, Board Resolutions decreased generally in other classifications, while resolutions on sanction implementation increased both proportionally and by number. Share of resolutions on sanction implementation in total increased to 45.4% in 2011 from 16.8% in 2010.

Table 2-2: Classification of Board Resolutions by Subject

Subject	2010		2011	
	Number	% Share	Number	% Share
Regulations	75	14,2	47	9,1
Licensing Activities	119	22,5	113	21,8
Sanctions	210	39,6	235	45,4
Filing / Not Filing Criminal Complaints	30	5,7	30	5,8
Adaptation to Provision of Bank Cards and Credit Cards Law	1	0,2	0	0,0
Adm., Financial and Personnel Transactions of the Agency	60	11,3	25	4,8
Other	35	6,6	68	13,1
Total	530	100,0	518	100,0

Pursuant to Article 88 of the Banking Law, it is provisioned that Board is responsible for and authorized to make the sub-regulations in accordance with international principles or standards related with the sector and with the fields in which it is authorized to regulate and supervise and take resolutions thereof, while pursuant to the Article 93(4), the Agency shall use its authorities furnished by the provisions of this Law and other related legislation through regulatory transactions to be established by the Board or through special resolutions. The Agency is authorized to publish regulations and communiqués related with the implementation of this Act upon the Board resolution.

Accordingly, issues concerning the review of the requests submitted to the Agency and solving the problems encountered by the Agency during implementation as well as subjects which require regulation submitted to the Board in the first place and necessary studies are carried out concerning those deemed appropriate to be amended by the Board and draft regulations which have been finalized are submitted to the Board.

Information on regulations put into force within the scope of the resolutions made by the Board in 2011 is given in detail in the section about regulation activities under the title of Organization of Chairmanship.

Table 2-3: Board Resolutions on Making Regulations

Subject	2010		2011	
	Number	% Share	Number	% Share
Banks	62	82,7	45	95,7
Financial Leasing, Factoring and Financing Companies	13	17,3	2	4,3
Total	75	100,0	47	100,0

According to the Banking Law and regulations put into force based on this Law, many topics are subjected to permission of the Board. Information on the resolutions made in 2011 by the Board concerning licensing activities is available in detail in the section related to enforcement activities under the title of Organization of Chairmanship.

Table 2-4: Board Resolutions on Authorization Activities

Subject	2010		2011	
	Number	% Share	Number	% Share
Share Transfer	34	28,8	22	19,5
Transfer-Merger	2	1,7	3	2,7
Activity Expansion	21	17,8	19	16,8
Opening Branches and Representative Offices Abroad, Establishing Partnerships or Participation to the Established Partnerships by Banks Established in Turkey	12	10,2	13	11,5
Establishing Partnerships or Participation to the Established Partnerships by Banks Operating in Turkey	0	0,0	5	4,4
Opening/Liquidating Branches or Representative Offices By Banks Established Abroad	5	4,2	7	6,2
Permission for Establishment	15	12,7	16	14,2
Bank Establishment	0	0,0	1	0,9
Financial Leasing, Factoring and Financing Company	12	10,2	14	12,4
Asset Management Company	3	2,5	1	0,9
Operating License	7	5,9	5	4,4
Financial Leasing, Factoring and Financing Company	7	5,9	3	2,7
Asset Management Company	0	0,0	2	1,8
Authorization	22	18,6	23	20,4
Independent Audit in Banks	4	3,4	2	1,8
Valuation	12	10,2	20	17,7
Rating	0	0,0	1	0,9
Outsourcing	6	5,1	0	0,0
TOTAL	118	100,0	113	100,0

Adaptation of institutions which are subject to surveillance and supervision of the Agency, to the Banking Law and other related legislation are supervised by on-site audit and surveillance activities carried out in these institutions by the career personnel of the Agency. Details of the resolutions made by the Board in 2011 related

to sanction implementation are available in the section of enforcement activities under the title of Organization of Chairmanship.

It is seen that ratio of Board resolutions on administrative fines, which comprise 94.9% of the resolutions on sanction implementation to total number of resolutions was 43.1% in 2011.

Table 2-5: Board Resolutions on Sanction Implementation

Subject	2010		2011	
	Number	% Share	Number	% Share
Termination of/Restoring the Authority to Sign Temporarily	3	1,4	6	2,6
Administrative Fines	198	94,3	223	94,9
Violation of the Abolished Laws Nr. 4389 and/or 5411	172	81,9	174	74,0
Violation of the Law Nr. 5464	26	12,4	49	20,9
Termination of Operating License	9	4,3	5	2,1
Financial Leasing, Factoring, Financing Companies	9	4,3	5	2,1
Termination of the Authority to Perform Independent Audit	0	0,0	1	0,4
Total	210	100,0	235	100,0

2.2 Organization of the Chairmanship

Services carried out by service units and advisors within the structure of organization of Chairmanship are comprised of the following activities by function; regulation, audit, enforcement, research, corporate governance, advisory and support activities.

2.2.1 Regulation Activities

Pursuant to the Article 93 of the Banking Law Nr. 5411, it is provisioned that the Agency shall use powers assigned thereto within the scope of the mentioned Law and other provisions of the related regulation or special resolutions to be made by the Board and it is authorized to publish regulations and communiqués related to implementation of the Law hereof upon resolution of the Board. Accordingly, within the scope of the regulation function; studies for making amendments to the banking legislation and expressing opinion on the hesitations that arose about the related legislation provisions were carried out in order to establish conformity with the European Union (EU) as well as international banking rules and practices.

Within the scope of legislation studies, draft regulations prepared by the Agency are presented in the web-site of the Agency for public opinion. Sector opinions on all drafts are taken through professional associations and views and proposals are demanded from agencies and institutions when necessary. Drafts revised in the framework of the opinion and proposals are submitted for consultation of the related Ministry for its relation with sector strategy and policies, to the Ministry of Development for its relation with the progress plan and annual program in accordance with Article 93(5) of the Banking Law. Following the evaluation of the mentioned views and proposals, final

drafts are submitted to the Board. Regulations and communiqués accepted by the Board (excluding those to be put into force by the Decision of Council of Ministers) are submitted to the Prime Ministry in order to be published in the Official Gazette.

Accordingly, in 2011; two separate legal regulations which foresee amendment to the Banking Law were put into force, two new regulations and one Board Resolution was prepared and 23 regulations and four communiqués were amended.

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

Type of the Regulation	2010	2011
Law	-	-
Amendment to Law	-	2
Regulation	1	2
Amendment to Regulation	6	23
Communiqué	1	-
Amendment to Communiqué	2	4
Circular	2	2
Board Resolution	1	1
Total	13	34

2.2.1.1. Regulations in Force

In 2011, amendments were made to the related legislation in order to meet the issues that emerged during enforcement process of regulations put into force pursuant to the Banking Law. Within this scope, amendments made are classified under five main titles.

1- Regulations on Establishment and Activities of Banks

Regulation on Making Amendments to the Regulation on Operations of Banks Subject to Permission and Indirect Shareholding (OG dated February 04, 2011 Nr. 27836): An amendment was made to article 8 of the Regulation on Bank Operations Subject to Permission and Indirect Shareholding in order to issue permissions regarding forming domestic partnerships or participating into already formed partnerships by banks upon principle 5 on investment criteria of Main Principles on Effective Supervision in Banking published by the Basel Committee on Banking Supervision (BCBS).

Regulation on Making Amendments to the Regulation on the Principles and Procedures for Accepting, Withdrawal of Deposits and Participation Funds as well as the Prescribed Deposits, Participation Funds, Custody and Receivable (OG dated May 28, 2011 Nr. 27947): By this Regulation, it is provisioned that profits or losses derived from operating participation accounts are distributed daily rather than weekly to participation accounts.

Regulation on Banks' Procurement of Support Services (OG dated November 05, 2011 Nr. 28106): Pursuant to this Regulation, the Regulation on Banks' Provision of Support Services and Authorization of Such Service Providers was abolished and the procedures and principles for provision of support service by banks have been established.

Accordingly, it is basically provisioned that support services procured should be notified to the Agency by banks rather than authorization of banks and services which are not considered as support services and restrictions about procurement of support services were defined again.

Circular dated April 04, 2011 Nr. 2011/2 based on article 61 of the Banking Law: It is provisioned that complaints that salary or wage account of customers are blocked in contrary to article 61 of the Law, the Enforcement and Bankruptcy Law Nr. 2004 and the Social Security and General Health Insurance Law Nr. 5510, without an attachment transaction made in due form, shall be submitted to the Arbitration Committee for Customer Complaints and the Agency shall be informed about the result, in order to protect the rights and benefits of savers.

2- Regulations on Corporate Governance

Regulation on Making Amendments to the Regulation on the Principles and Procedures for Notification of and Taking Oath and Declaration of Asset by Executives to be Appointed to Top Management of Banks and Maintenance of the Book of Resolutions (OG dated April 13, 2011 Nr. 27904): With the amendment, it is provisioned that the executive boards of the banks would determine who –provided that he has the qualifications of the general manager- would attend to board meetings as deputy general manager in case of the absence of the general manager and under which cases he would attend these meetings.

Regulation on Making Amendments to the Regulation on Banks' Corporate Governance Principles (OG dated June 09, 2011 Nr. 27959): An amendment was made to "Principle 6" on the compensation policy to be applied to bank personnel included in "Corporate Governance Principles", annex of the Regulation. With this amendment, the compliance of the compensation policy with the bank's ethical values, strategic goals and internal balances have been aimed.

3- Regulations on Protective Provisions

Regulation on Making Amendments to the Regulation on the Internal Systems of Banks (OG dated February 24, 2011 Nr. 27856): By the amendment, Board Resolutions on implementation of the Regulation on Internal Systems of Banks shall be included in the Regulation and the problems about implementation shall be brought to solutions. Accordingly; it is provisioned that at least one member of audit committee will be resident in Turkey; records to be kept by information systems according to Uniform Chart of Accounts on transaction basis will also be consistent with Turkish Accounting Standards (TAS) and directly be kept upon primary systems; collective accounting will enabled in transaction based accounting; each reporting and intra-bank rules such as strategy, policy and implementation methods as well as memos to be made within the scope of this Regulation are will be in Turkish .

Regulation on Making Amendments to the Regulation on Own-Funds of Banks (OG dated March 10, 2011 Nr. 27870): By the amendment, ratios for primary subordinated debts to be included in Tier-I capital are restructured according to their qualities, expenses paid in advance are excluded from being deduction item from Tier-I capital and made subject to credit risk; ratio of primary subordinated debts which is included in Tier-II capital is limited with 50% of Tier-I capital in Tier-II capital along with

secondary subordinated debts, it is enabled that the limit that Tier-II capital shall not exceed Tier-I capital shall not be applied temporarily in extraordinary circumstances upon the permission of the Agency and Tier-III capital practice is abolished.

Regulation on Making Amendments to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (OG dated April 09, 2011 Nr. 27900): By this Regulation, in order to resolve the problems that banks may encounter due to the developments in Libya, it is provisioned that loans and other receivables extended by banks to natural persons and legal entities residing in Libya and to natural persons and legal entities residing in Turkey or abroad having activities in Libya and/or directed to Libya which are classified under the Second Group can be bounded by new conditions of contract provided that to be limited with twice, and the limit for those classified as non-performing loans to be re-structured or to be bounded to a new redemption plan is increased to three from two, with more flexible conditions.

Regulation on Making Amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (OG dated May 28, 2011 Nr. 27947): By this Regulation, in order to ensure the risks possible to arise due to the loans extended by banks are monitored more prudently, it is aimed that other loans monitored in the first group of a credit customer having loan monitored under second group are classified under this group and more provisions are set aside. Amendments to be made with regards to extending payment periods of loans and other receivables monitored in the first and second group, it is provisioned that general provisioning ratio shall be implemented as 5 per cent at least. Besides, banks whose non-cash loan total exceed tenfold of their own-funds are provisioned to comply with the general provision ratio of three per thousand, with the aim of setting aside more provisions for the compensation of risks which cannot be determined, yet assumed to arise in future. Provided that this is prompted by participation account contracts, participation banks may set aside the cancelled provisions they set aside for loans and collections they made in following periods from write-offs in order to meet the portion of provisions and the Savings Deposit Insurance Fund (SDIF) premiums that accrue to participation accounts.

Regulation on Making Amendments to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (OG dated June 18, 2011 Nr. 27968): By this Regulation, for consumer loans (except for vehicle and housing loans), general provisions were increased from 1 percent to 4 percent. General provisions for pre-non performing loans increased from 2 percent to 8 percent. The higher provisioning requirements are conditional on banks having a consumer loan portfolio exceeding 20 percent of total loans or having a consumer loan (except for vehicle and housing loans) NPL greater than 8 percent.

Regulation on Making Amendments to the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (OG dated 18, 2011 Nr. 27968): By this Regulation, higher risk weights introduced for fast growing consumer loans. For consumer loans (except for vehicle and housing loans) with maturities below 2 years the risk weighting increased to 150 percent from 100 percent. For consumer loans

(except for vehicle and housing loans) with maturity greater than 2 years, the risk weight increased to 200 percent from 100 percent.

Regulation on Making Amendments to the Regulation on Authorization and Activities of Institutions to Perform Independent Audit in Banks (OG dated July 26, 2011 Nr. 28006): Article 12(c) defining one of the cases where authority of the Board to temporarily terminate the authority of the audit institution to perform audit in question was abolished.

Regulation on Making Amendments to the Regulation on Authorization and Activities of Institutions to Perform Independent Audit in Banks (OG dated July 26, 2011 Nr. 28006): An amendment was made to the Regulation for resolving hesitations during implementation and for meeting emerging needs.

Regulation on Measurement and Evaluation of Interest Rate Risk in the Banking Book by Standard Shock Method (OG dated August 23, 2011 Nr. 28034): Procedures and principles for measurement and evaluation of interest rate risk in the banking book are set with the introduction of this regulation.

Regulation on Making Amendments to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (OG dated December 30, 2011 Nr. 28158): By this Regulation, it is enabled that the obligation to set aside provisions for checkbooks the banks have previously granted credit customers whom they monitor under non-performing loans, on condition that it is limited with those of date of issue exceeding two years, will not be applied, in case special provision of one hundred per cent is set aside for these loans and return of checkbooks within fifteen days is informed to check holders with a registered replied paid letter. Besides, it is aimed that bonds issued by banks will be classified as first group collateral. It is obliged that footnotes in financial statements to be announced to public shall be explanatory for informing financial statement users regarding the loans extended to Libya that are bound by new conditions of contract or re-structured. The rules to be applied in case the loans extended to marine sector which is affected from developments in North Africa and ongoing economic negativities in Europe are bound to new conditions of contract or re-structured are redetermined to be valid until December 31, 2012.

Communiqué on Making Amendments to the Communiqué on the Financial Statements to be announced to Public by Banks as well as Explanations and Footnotes Thereof (OG dated January 23, 2011 Nr. 27824): In order to provide the “Turkish Financial Reporting Standards (TFRS) 9 Financial Instruments” standard is applied by banks as of December 31, 2012; an amendment was made to the “Communiqué on the Financial Statements to be announced to Public by Banks as well as Explanations and Footnotes Thereof” and its annexes which regulate the principles for form and contents of consolidated and non-consolidated financial statements the banks shall prepare as well as explanations and footnotes.

Communiqué on Making Amendments to the Communiqué on Preparation of Consolidated Financial Statements of Banks (OG dated 23, 2011 Nr. 27824): By this Communiqué that has been prepared for complying with the Turkish Accounting Standards, amendments were specified for exceptions of preparing consolidated financial statements.

Communiqué on Making Amendments to the Communiqué on Uniform Chart of Account and Its Explanation to be implemented by Participation Banks (OG dated May 28, 2011 Nr. 27947): Prepared for complying with amendments made to article 14 (3) of the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside.

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 18, 2011 Nr. 27968): Having considered the amendments made on the Regulation on Procedures and Principles for Determination of Qualification of Loans and Other Receivables by Banks and Provisions to be Set Aside may impose disadvantages for banks, it is provided that these are valid in respect of financing companies as well. Besides, it is enabled that receivables of financial leasing, factoring and financing companies derived from transactions with natural persons and legal entities residing in Libya as well as of natural persons and legal entities residing in Turkey or abroad having activities in Libya and/or to Libya and similar to banks, are re-structured and bound by conditions of contract.

4- Regulations of Non-Bank Financial Institutions

Regulation on Making Amendments to the Regulation on Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies (OG dated 24, 2011 Nr. 27856): By the amendment, regulations were made on paid-up capital amounts of companies, principles for licensing, using bank channels for product presentation, annulment of the condition to inform the Agency in transfer of real estate subject to financial leasing contract to the lessee without awaiting four-year minimum term and independent audits of these companies.

Circular dated November 04, 2011 on Factoring Transactions: By the Circular, the matters that should be taken into consideration by factoring companies in transferring the receivable to emerge due to sale of goods or service are determined.

5- Other Regulations

Law Nr. 6111 on Making Amendments to Re-Structuring of Some Receivables and Social Security and General Health Insurance Law and Some Other Law and Decree Laws (Repeated OG dated February 25, 2011 and Nr. 27857): Some articles of the "Draft Law on Making Amendments to the Law on Banking Law" prepared by the Agency in 2008 in order to resolve the problems encountered in practice was put into practice within the scope of this Law. According to the Law; provisions on support services, liability insurance of independent audit, rating, valuation and support service institutions, confidential information and documents the Agency possesses, moving of the Agency to Istanbul and establishing a Risk Center under the Banks Association of Turkey (BAT) were regulated.

Decree Law on Making Amendments to the Decree Law Nr. 662 on Organization and Duties of the Ministry of Family and Social Policies and Some Laws and Decree Laws (Repeated OG dated November 02, 2011 and Nr. 28103): By the amendment, a provision was included to the Banking Law that the qualifications determined by the regulation should also be sought in all personnel of the Agency among the qualifications they require to have. Besides, undergraduate and graduate degrees and

departments required for those to be assigned to assistant banking, law and information specialist and assistant sworn bank auditor are determined and the Agency is authorized to determine the degrees and departments, titles of staff positions and/or specialty fields separately and it is provisioned that the personnel of the Agency may temporarily be assigned in other public institutions upon the Board Resolution and by the consent of those concerned.

Regulations made for Adaptation to Prime Ministry Circular Nr. 2008/8 on Implementation of Address Record System (OG dated January 14, 2011 and Nr. 27815): Pursuant to the Prime Ministry Circular Nr. 2008/8 which entered into force subsequent to its publication in the Official Gazette dated May 21, 2008 and Nr. 26882, place of residence and other address information (certificate of residence) should not be requested from directorates of population or citizens in transactions performed by public institutions, instead these documents should be acquired by the relevant institution directly via “Identity Sharing System” included in Central Population Administration System (MERNIS) database and which is associated with the T.R. Identity Number. In order to ensure this Circular is adopted, reviewing of the regulations put into force by the Agency are completed and;

- Regulation on Making Amendments to the Regulation on the Principles and Procedures for Notification of and Taking Oath and Declaration of Assets by Executives to be appointed to Top Management of Banks and Maintenance of the Book of Resolutions,
- Regulation on Making Amendments to the Regulation on Banks’ Procurement of Support Services Authorization of Such Service Providers,
- Regulation on Making Amendments to the Regulation on Principles for Authorization and Activities of Rating Agencies,
- Regulation on Making Amendments to the Regulation on Authorization and Activities of Institutions which will provide Valuation Services to Banks,
- Regulation on Making Amendments to the Regulation on Establishment and Activity Principles for Asset Management Companies,
- Regulation on Making Amendments to the Regulation on Establishment and Operations of Financial Leasing, Factoring and Financing Companies,
- Regulation on Making Amendments to the Regulation on Bank Cards and Credit Cards,

were put into force.

Regulations made for Adaptation to the Regulation on Procedures and Principles to be abided in providing Public Services (OG dated October 19, 2011 and Nr. 28089): In order to adapt to article 8 of the Regulation on Procedures and Principles to be abided in Providing Public Services which was put into force to ensure public services are carried out in a rapid, qualified, simplified and low-cost manner subsequent to its publication in the Official Gazette dated July 31, 2009 and Nr. 27305;

- Article 8 (1b) of the Regulation on Competition, Authorization and Adequacy Exams as well as Working Procedures and Principles of Career Personnel of the Banking

Regulation and Supervision Agency and article 14(1)(a) of the Regulation on Human Resources of the Banking Regulation and Supervision Agency were amended and it is foreseen that “T.R. identity number statement” shall be requested from candidates who wish to take Agency entrance exam in lieu of “identity card or Agency certified copy” before an assignment is made.

- Article 16(1)(d) of the Regulation on Bank Cards and Credit Cards and article 4(1)(a) of the Regulation on the Principles and Procedures for Notification of and Taking Oath and Declaration of Asset by Executives to be appointed to Top Management of Banks and Maintenance of the Book of Resolutions were amended and it is enabled that in case the original of undergraduate or master’s degree diplomas requested by the Agency from general managers and assistants as well as members of board of directors is submitted and approved by the Agency, it will as well be accepted.

Board Resolution on Framework Procedures and Principles for Cooperation and Exchange of Information between the Banking Regulation and Supervision Agency and Related Parties (Board Resolution dated September 21, 2011 and Nr. 4385):

According to the Resolution, cooperation and exchange of information in every field deemed necessary particularly regulatory framework, investigation and analysis fields and institutional matters are enabled between the Agency and the related parties, within the scope of the authority vested by legislation and matter such as principles for cooperation and exchange of information, contract documents, environment and instruments, secrecy and protecting documents, meeting expenses and evaluation of practice were regulated.

2.2.1.2. Regulations put into force in 2012

Regulation on Making Amendments to the Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks (OG dated February 10, 2012 and Nr. 28200): In the manner of promoting maturity extension of Turkish Lira bonds which have begun to be issued by banks, consideration ratios of securities issued that would be taken into account calculating liquidity adequacy ratio were re-determined higher than time deposit, yet lower than 100% and it was ensured that the provisional article on FX-indexed assets and liabilities remains in force for a stated time period given global ambiguities.

2.2.1.3. Regulation under Preparation

- Within the scope of transition to Basel 2, regulation drafts in accordance with the EU legislation were made public and opinions received from related parties have been evaluated and the drafts were finalized. Upon the Resolution of the Board dated February 24, 2011 and Nr. 4099, parallel run period which began on July 01, 2011 and will end on June 30, 2012 continues in order for both banks and credit customers adapt to innovations on Basel 2 implementation process. During this period, it is foreseen that Draft Regulation on Measurement and Evaluation of Capital Adequacy of Banks and Annexes of this Draft as well as Draft Communiqués relating to this Draft shall be used by banks only with the aim of reporting to the

Agency. Reporting forms prepared and renewed within the scope of Basel 2 implementation began to be submitted to the Agency beginning from second half of the year.

- Within scope of Basel 2 implementation; in order to benefit from grades of rating institutions in a proper way, standards, procedures and principles for authorization of rating institutions and usage of grades of these institutions will be reviewed within the scope of international standards concerning calculation of capital adequacy and EU legislation. As a result of the studies, the amendments required on the Regulation on Principles for Authorization and Activities of Rating Institutions have been determined and Draft regulation on Principles for Authorization and Activities of Rating Institutions abolishing the Regulation, having considered scope of extent of amendments, have been prepared and sent for opinions out of the Agency.
- Principles and standards constituting first stage of a series of reform foreseen by BCBS and known as Basel 2.5 were included in the related sections of Basel 2 Regulation Drafts subject to parallel run period from July 01, 2011 to June 30, 2012 and sent for opinion.
- Within the scope of Regulation on Authorization and Activities of Institutions which will Provide Valuation Services to Banks, process of receiving opinions about the Draft prepared for termination of the liability to submit certain information to the Agency as per contracts made with the valuation institutions has been concluded and evaluation process continues.
- Within scope of the Regulation on Internal Systems of Banks, in order to manage credit risk effective and adequately, the Draft Communiqué on Credit Risk Management which determines procedure and principles for credit risk management concerning international standards and country practices has been submitted for opinion.

2.2.2 Supervision Activities

Supervision activities include all audit and surveillance activities realized in institutions by career personnel within the scope of the authorization granted to the Agency pursuant to the Banking Law. These activities consist basically of the examination and analysis of various indicators of banks concerning their financial performances on consolidated and/or non-consolidated basis and preparation of periodical reports, audit of their compliance with the law and related legislation, detection of potential problems and fragilities via stress tests and notification of related departments and decision making bodies without waiting for the preparation of standard reports in case there are negative developments or detections. A variety of sources and especially the database of the Agency are used in the realization of audit function.

Procedures and principles concerning audit and surveillance are determined pursuant to the “Regulation on Principles and Procedures Concerning the Audit to be made by the Banking Regulation and Supervision Agency” published in the Official Gazette dated July 22, 2006 and Nr. 26236. Within the scope of this Regulation, the activities concerning audit process are conducted through audit guides.

Besides, in order to ensure the personnel responsible for surveillance and on-site audit activities works in coordination and performs complementing function more effectively, "The Procedures and Principles for Activities to be carried out by the Career Personnel Responsible for Surveillance" is determined by the Approval of the Office of the Chairman dated January 04, 2011 and Nr. 9895.

Box-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 by the related institutions on consolidated and/or non-consolidated basis and reported to the database of the Agency are as follows:

- "Surveillance Reporting Set" which constitutes of forms taken during various periods concerning the follow-up of financial conditions of banks and legal restrictions which must comply with the scope of Banking Law and related legislation,
- "Weekly Liquidity Ratio Notification Form" and "Two-Weeks Stock Liquidity Ratio Notification Form" including the standard ratios calculated on a daily basis so as to monitor banks to provide and maintain their liquidity adequacy 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 equity position risks and capital requirements relating to these risks within the scope of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks and "Operational Risk Analysis Form" prepared annually to procure the information concerning the measurement of operational risk,
- Weekly forms including standard ratios calculated on a daily basis in order to ensure FX assets and liabilities as well as balances between own funds of banks to be monitored and evaluated, within the scope of the "Regulation on the Calculation and Implementation of Foreign Currency Net General Position/Own Funds Standard Ratio by Banks on Consolidated and Non-Consolidated Basis",
- "Reporting Set of Financial Institutions Abroad" constituting of quarterly forms relating to subsidiaries of banks subject to consolidated supervision and branches performing off-shore banking activities,
- "Non-Banks Financial Institutions Reporting Set" composed of legal restrictions which non-bank financial institutions shall abide by within the scope of the Law Nr. 5411 and 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 audit activities,
- Independent audit reports,
- Analytical information produced from Early Warning System,
- Other information obtained or collected from institutions subject to supervision.

On the other hand, "implementation guideline" and "explanation" studies were carried out regarding new Basel 2 regulations in order to be used in audits made/ to be made

to provide unity in implementation. As a result of currently ongoing studies, opinions were delivered regarding matters which should be reviewed in Draft regulations.

Box-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:

- Enhancing efficiency and effectiveness of supervision function of the Agency,
- Realizing supervision within a dynamic and an uninterrupted process,
- Adapting to EU Directives and international standards,
- Detecting important changes in risk profiles of banks due to change and complexity in financial activities and products,
- Using new supervision techniques to ensure changing risk profiles of banks to be effectively audited,
- Taking measures (proactive audit) so as to manage risks banks bear effectively and decrease the possibility of losses 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 system,
- Decreasing systemic risks,
- Increasing endurance of the banking system and banks against crisis by ensuring them to have an effective internal audit as well as risk management systems.

The aim of the supervision conducted in line with RFS approach is to ensure banks to be aware of and control the level and type of the risks they encounter. Accordingly, it is quality and efficiency of management of the said risks which is important, rather than the risks 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 on 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 analyses to be made on the basis of the risks the banks bear, opinions reached on its risk profile and condition as well as follow-ups and supervisions relating to problematic areas.

Duties and authorities granted to the Agency concerning supervision are carried out, according to its relation, by; the Board, Office of the Chairman, Vice-Chairman, Departments and heads of groups reporting to these as well as career personnel appointed in audit teams temporarily and/or permanently. Departments of Audit I and Audit II reporting to the Vice-Chairman responsible for audit carries out audit and surveillance of private banks whose centers are located in Istanbul; Department of Audit III carries out audit and surveillance of state banks whose centers are located in Ankara; Department of Audit IV carries out analysis, evaluation and reporting activities regarding the sector as well as audit and surveillance of financial leasing, factoring and financing companies; Department of Risk Management carries out the audit of risk management systems and risk models of banks.

Audit teams monitor the developments in financial markets from actual sources and conduct their auditing activities in line with guides prepared parallel to international implementations and risk-focused supervision approach (RFS).

2.2.2.1 On-Site Audit

Within the frame of current legislation, it is foreseen that the on-site audit to be conducted in institutions subject to supervision shall be performed in line with working programs formed pursuant to the Banking Law and with the Approval of Agency Chairman and by audit teams composed of sworn bank auditors and their assistants, banking specialists and their assistants, informatics specialists and their assistants, law specialists and their assistants composing the career personnel of the Agency.

Audit activities are conducted through 18 Audit teams composed of sworn bank auditors, assistant sworn-bank auditors, banking specialists and assistant banking specialists. Within each audit team, a head of group is assigned by Chairmanship Approval among the career personnel having at least five years of audit experience to ensure the coordination and conduct of the audit. The Head of group conducts the audit of the institutions under his/her responsibility via the audit teams formed by Chairmanship Approval and which are performing based on institutions. In addition to sworn bank auditors and their assistants and banking specialists and their assistants in audit groups, sufficient number of informatics specialists and assistant informatics specialists and law specialists and assistant law specialists may be assigned in the audit group if needed upon the suggestion of Vice-Chairman and by Chairmanship Approval.

On-site audit consists of:

- Analyzing the relation and balance between assets, receivables, own funds, debts, profit and loss calculations, liabilities and commitments of banks as well as all other factors affecting their financial structure,
- Analyzing adequacy and effectiveness of risk management and internal control systems of banks,
- Making risk assessment of banks and determining their risk profile,
- Supervising adaptability of financial statement and records of banks to accounting principles and standards,

- Supervising the appropriateness of activities of banks to the provisions of Banking Law and provisions in other laws within the scope of this Law,
- Analyzing the adequacy and reliability of information system of banks,
- Analyzing the subjects concerning characteristic activities of banks,
- Evaluating the corporate management quality of banks,
- Consolidated supervision of affiliates and jointly controlled partnerships of the financial holding institutions and/or parent banks,
- Supervising the activities of factoring, financial leasing and financing companies,
- Supervising the activities of asset management companies,
- Supervising the activities of independent audit institutions,
- Supervising the activities of natural persons and legal entities providing services to institutions, limited with the service provided,
- Supervising the institutions within the scope of the Law on Banking Cards and Credit Cards,
- Supervising the internal models which the banks plan to use within the scope of Basel 2 credit risk internal rating based approach,
- Supervising rating agencies in the phase of authorization,
- Investigating the denunciations and complaints concerning subjects within the scope of related legislation,
- Investigations made based on the requests made by Prime Ministry Inspection Board, Parliamentary Investigation Committees, Ministry of Finance Financial Crimes Investigation Board, Public Prosecution Offices as well as other related institutions and agencies,
- Other on-site audit activities.

Institutions within the scope of Supervision and Activity Results

As of end-2011, there are 327 institutions within the scope of supervision of the Agency; 48 of which are banks, 118 of which are non-bank financial institutions and 161 of which are other institutions (Annex 1).

As a result of audits realized in 2011; a total of 514 reports were drawn-up on legislation, financial analysis, denunciation and complaints, risk evaluation and other subjects. 34 of these reports are reports on non-bank financial institutions while 46 of them are reports on branch supervisions.

Table 2-7: Institutions within the scope of Supervision

Institution Type	2007	2008	2009	2010	2011
Deposit Banks	33	33	32	32	31
Participation Banks	4	4	4	4	4
Development and Investment Banks	13	13	13	13	13
Financial Leasing Companies	65	50	47	35	31
Factoring Companies	85	81	78	76	75
Financing Companies	9	10	10	11	12
Asset Management Companies	5	5	6	6	8
Independent Audit Institutions for Banks (*)	51	40	39	40	42
Rating Institutions	0	0	3	3	3
Valuation Institutions	0	0	4	14	56
Foreign Bank Representatives in Turkey	48	47	42	40	45
Financial Holding Companies	0	3	3	3	3
Credit Reference Institution	1	1	1	1	1
Card System Institution	3	3	3	3	3
Total	317	290	285	281	327

(*) As of end-2011, 6 of the institutions having the authorization to perform independent audit have authority to perform information systems audit in banks, while 2 of them have authority to perform information systems audit in banks via outsourcing process.

Moreover, in 2011, in order to supervise risk management systems and risk models of banks, inspections were made in certain banks and reports thereof were drawn-up regarding internal models the banks intend to use in line with Basel 2 internal rating based approaches concerning credit risk. In 2012, capital adequacy calculation inspections are planned to be made in certain banks within the scope of Basel 2 implementation whose parallel run continues presently.

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

Subjects	2010		2011	
	Number	% Share	Number	% Share
Legality Audit	202	40,1	183	35,6
Denunciations and Complaints	112	22,2	151	29,4
Financial Structure Analysis	43	8,5	56	10,9
Branch Investigation	23	4,6	46	8,9
Risk Assessment	40	7,9	42	8,2
Legality Audit concerning Other Fin. Institutions	24	4,8	26	5,1
Denunciations and Complaints Investigation concerning Other Financial Institutions	10	2,0	8	1,6
Duty Loss Determination	1	0,2	1	0,2
Overseas Investigation	17	3,4	-	0,0
Rating Institution Authorization	1	0,2	-	0,0
Other	31	6,2	1	0,2
Total	504	100,0	514	100,0

Information Systems Audit

Information systems audit of institutions subject to the Law Nr. 5411 is realized by the Agency as well as independent audit institutions. In the second half of 2011, the job was shared within information systems audit team of the Agency in respect of supervision activities and enforcement activities by taking functional perspective as a basis. Thus, it is aimed that audit activities are carried out more systematically and predictably.

Within the scope of the Information Systems Audit Guide prepared by personnel of the Agency regarding information systems and banking processes audit; detailed audit of two banks were finalized, two banks were audited with a special purpose and one factoring company were audited. In addition, the study has been initiated for audit due to the compliance with the action plan prepared in one bank upon direction of the Board.

Among the determinations in audit reports prepared by various departments of the Agency, those concerning information systems and banking processes audits have been investigated; it is ensured that studies carried out concerning directions given to banks by the Agency are included within scope of 2011 independent audit and scope of audits carried out by independent audit companies were expanded.

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

Type of Audit	Scope of Audit	2010	2011
I. Performed by Independent Audit Institutions			
Individual Audit	Information Systems + Banking Processes	3	46
	Banking Processes	46	3
Consolidated Audit	Information Systems + Banking Processes	24	24
II. Performed by the Personnel of the Agency			
Individual Audit	Special Ranging	8	2
Total		81	75

On the other hand, Independent Audit Follow-Up System (BADES) has been completed with all its functions and has begun to be implemented.

In 2012, it is planned that audit activities are carried out more extensive and effectively parallel to organizational re-structuring. Accordingly, both the planned audits in line with the methodology foreseen in the Information Systems Audit Guide and special ad hoc audits which will be needed in institutions within the scope of Banking Law shall be carried out.

2.2.2.2 Surveillance

Surveillance activities on bank basis are conducted by the personnel in audit groups are composed of:

- Stress tests and scenario analyses,

- Monitoring and evaluating the change in financial structure and performance via periodical reporting,
- Follow-up of the development of rating scores by using previous on-site audit results and current data,
- Enabling timely perception of the changes in financial structure and performance by use of early warning systems,
- Follow-up and analysis of financial developments on sectoral and institutional basis,
- Informing group leaders on the violations of legislation detected through institutional reporting and reporting errors,
- Analyzing compliance with the legislation,
- Other surveillance activities.

Within the scope of surveillance activities in audit groups, periodic reports, information notes and comments are prepared on bank basis; and shared with members of audit group and delivered to heads of departments, if necessary.

Table 2-10: Consolidated Analysis and Macro Reporting

Report (*)	2010		2011		Frequency
	Number	% Share	Number	% Share	
Monthly Sectoral Data Report	12	5,2	12	4,0	Monthly
Non-Bank Fin. Sector Sectoral Data Report	4	1,7	4	1,3	Quarterly
Balance Sheet, Income Table	2	0,9	2	0,7	Quarterly
Weekly Report	49	21,4	46	15,3	Weekly
Loans Report	1	0,4	12	4,0	Monthly
Turkish Ban. Rep. Exchange Rate Risk Report	1	0,4	1	0,3	Semiannually
Deposit, Credit and Interest Rate Dev. Report	14	6,1	5	1,7	Monthly
Stress Test Report	3	1,3	4	1,3	Quarterly
Turkish Ban. Sector Derivative Transact. Report	2	0,9	4	1,3	Quarterly
FX Net General Position Report	25	10,9	23	7,7	Two weeks
Abroad Ins. of Banks Establ. in Turkey Report	1	0,4	1	0,3	Semiannually
Turkish Banking Sector Surveillance Report	2	0,9	2	0,7	Semiannually
Turkish Banking Sector Country Risks Report	2	0,9	2	0,7	Semiannually
Non-cash Loans Report	3	1,3	24	8,0	Quarterly
Potential Non-Performing Loans Report	2	0,9	1	0,3	Annually
T. Banking Sector Main Indicators Presentation	12	5,2	11	3,7	Monthly
Turkish Banking Sector General View Report	4	1,7	4	1,3	Quarterly
Retail Loans Information Note	50	21,8	50	16,7	Weekly
Other Reports and Studies	40	17,5	92	30,7	-
Total	229	100,0	300	100,0	-

(*)This table has been drawn up to give a general opinion about the reports prepared. Some reports may be prepared by combining other reports during the period or their frequency may be changed according to the current conditions.

Besides, within the scope of surveillance activities based on sector; periodical surveillance reports are drawn-up concerning market developments, basic indicators, deposit, loans, derivative instruments, foreign exchange rate risk and stress test on weekly, two-weeks, monthly, quarterly, semi-annual and annual basis. Accordingly, in 2011, total of 300 reports, information notes and presentations were prepared regarding the sector.

Within the scope of surveillance activities, reporting forms prepared and/renewed for Basel 2 implementation whose parallel run continues and began to be submitted to the Agency beginning from second half of the year were controlled. Suggestions were made to make necessary amendments in the forms in order to prevent possible problems in 2012 when the implementation is planned to be initiated.

In 2011, studies for increasing efficiency of surveillance function were concentrated on developing applications related to surveillance and reporting sets.

FİNDÜNYA (Financial World Map) Application: A web-based application visually displaying country risks of the Turkish banking system called FİNDÜNYA was prepared and brought into service upon Agency intranet as of October 04, 2011. In FİNDÜNYA application which gives monthly information, the risks derived from any kind of banking transaction made between banks established in Turkey and branches of banks established abroad with foreign residents are displayed visually and in detail. The application which was initially brought for the usage of senior management will be available for the personnel authorized in 2012 as well.

Banks and Non-Bank Financial Sector Reporting Set: Within the scope of provisions of Basel Core Principles for Effective Banking Supervision on consolidated supervision and cooperation agreements made with international institutions, balance-sheet ((BL100SO, BL101SO), income statement (KZ100SO, KZ101SO) and shareholders (HS100SO) forms were received from legal entity partnership of banks which have direct qualified share in semi-annual terms (December and June) beginning from December 2010 in order to ensure effective consolidated supervision

In order to monitor effects of amendments brought by the Regulation on Making Amendments to the Regulation on Bank Cards and Credit Cards which entered into force subsequent to its publication in the Official Gazette dated December 17, 2010 and Nr. 27788, new lines were added to the "Credit Card Detail" (KK101AS) form and form explanations and template was changed from December 2011.

Limitation was brought for ratio of the loan amount to the value of real estate taken as guarantee for housing loans, housing warranted consumer loans and commercial real estate loans as of January 01, 2011 by the Resolution of the Board dated December 16, 2010, Nr. 3980, and it was decided that evaluation of the real-estate subject to limitation should be realized by evaluation companies authorized by the Board and Capital Markets Board (CMB). Besides, additional explanations were brought relating to the scope of Resolution of the Board dated December 30, 2010, Nr. 4005, Resolution of the Board dated June 16, 2011, Nr. 4242, Resolution of the Board dated June 06, 2011, Nr. 4267, and to the Resolution of the Board Nr.3980. Within this scope, "Limit follow-up form of Housing Loans, Housing Warranted and Commercial Real Estate Loans" is prepared for procuring the follow-up of loan-guarantee limits within the scope of the

Resolution nr. 3980. The transfer of retroactive data in the form initiated to be reported as of December 01, 2011 was realized

For being informed within the scope of provisions of “The Communiqué on Principles and Procedures for Activities of Representative Offices opened in Turkey” which was published in Official Gazette dated May 01, 2008, Nr. 26834, concerning Turkish representative offices founded abroad, and for forming a database relating to thereof, the previously printed reports were transformed to a package. The representative offices have initiated electronic reporting –for semi-annual periods, as of June 2011.

The reporting of the notification chart, which is an annex of Regulation on Measuring and Evaluation of Interest Rate Risk Emanating from Banking Books With Standard Shock Method that was published in Official Gazette dated August 23, 2011, Nr.28034, has been initiated to the Agency starting from September 2011 period.

The regulation on “Amendment relating to Premiums to be collected by Deposit Subject to Insurance and Participation Funds and Saving Deposit Insurance Fund” has entered into force after being published in Official Gazette dated September 29, 2011, nr. 28069. The Risk factors Form subject to Saving Deposit Insurance Premium Ratio included in Banks Surveillance System Reporting Package has been terminated pursuant to provisions of the Regulation, as a result of coordination studies made with the SDIF, pursuant to article 100 of the Banking Law, and the new form of Risk Factors Subject to Saving Deposit Insurance Premium Ratio has been prepared by effective from September 2011 period. Besides, Average Maturity of Deposit/Participation Fund is prepared effective from September 2011, for calculating Average Maturity of Deposit/Participation Fund risk factor which is regulated in the mentioned Regulation for being used in the Agency’s surveillance and audit activities.

By Resolution of the Board dated February 24, 2011, nr.4099, with a view to provide a healthier transition to Basel 2 in respect of banking sector and the implementations of the Agency; it is concluded that Draft Regulation on Measuring and Evaluating Capital Adequacy and annexes related to this Draft Regulation and other Draft Communiqués will solely be for reporting purposes within the framework of information and documents to be demanded by the Agency, without any use for administrative sanctions starting from July 01, 2011 until June 30, 2012. Within this scope, with a view to monitor amounts subject to credit risk, market risk and operational risk and analysis of capital adequacy, Basel 2 forms comprised of non-consolidated forms (20 forms and explanations) as from July 2011 and consolidated Basel 2 forms (20 forms and explanations) as of December 2011 shall began to be received from the banks in electronic environment.

A new independent reporting set has been prepared for banks, which want to implement “TFRS 9 Financial Instruments: Financial Statements to be Explained to Public Passed from Independent Audit and Taking Footnotes and Presentation” before January 01, 2013. Those banks should prepare and send the independent reporting set to the Agency database starting from December 2010. But no application has been received from banks relating to that in 2011.

Bank Financial Performance Report Implementation (BFPRI):

This implementation has been developed within the scope of all amendments made in Bank Reporting System (BRS). “Internal controls and cross checks” were defined to the system for new forms added to the system which comprise of algebraic and logical controls. The required amendments continue to be made in forms and controls for both meeting the requirements of updating which shall arise in transition process of forms newly defined and increasing information quality which the current forms include are realized.

2.2.2.3 Cooperation relating to Supervision

The Agency, as foreseen in article 98 of Banking Law on accommodation of policies and regulations, signs memorandum of understanding with supervision authorities of foreign countries.

Table 2-11: Memoranda of Understanding Signed

	Country	The Agency	Date
1	TRNC	Central Bank of TRNC	17/09/2001
2	Albania	Bank of Albania	19/10/2001
3	Romania	National Bank of Romania	19/02/2002
4	Bahrain	Central Bank of Bahrain	30/07/2002
5	Indonesia	Central Bank of Republic of Indonesia	11/12/2002
6	Kazakhstan	National Bank of Kazakhstan	22/05/2003
7	Pakistan	State Bank of Pakistan	20/01/2004
8	Malta	Central Bank of Malta	10/12/2004
9	Greece	Bank of Greece	28/01/2005
10	Kyrgyz	National Bank of Kyrgyz Republic	17/05/2005
11	Azerbaijan	National Bank of the Republic of Azerbaijan	14/06/2005
12	Bulgaria	Central Bank of Bulgaria	13/09/2005
13	China	China Banking Regulatory Commission	11/07/2006
14	Dubai	Dubai Financial Services Authority	23/08/2007
15	Georgia	The National Bank of Georgia	02/11/2007
16	Kosovo	The Central Bank of the Republic of Kosovo	12/05/2008
17	United Arab Emirates	United Arab Emirates Central Bank	17/02/2009
18	Luxembourg	Luxembourg Financial Sector Supervisory	13/03/2009
19	Lebanon	Lebanese Banking Control Commission	10/06/2009
20	Bosnia-Herzegovina	Central Bank of Bosnia-Herzegovina	12/06/2009
21	Kazakhstan	Kazakhstan Financial Supervision Authority	28/08/2009
22	Ukraine	National bank of Ukraine	19/02/2010
23	Macedonia	National bank of the Republic of Macedonia	30/08/2010
24	Russia	Central Bank of Russian Federation	30/09/2010
25	Syria	Central Bank of Syria	21/12/2010
26	Qatar	Qatar Financial Centre Regulatory Authority	25/07/2011
27	Germany	Federal Financial Supervisory Authority	05/08/2011
28	Croatia	Croatian Central Bank	29/08/2011
29	Jordan	Central Bank of Jordan	06/09/2011
30	Belgium	Belgium National Bank	18/11/2011
31	South Korea	South Korean Financial Services Supervisory	25/11/2011
32	Iraq	Central Bank of Iraq	20/12/2011

In addition to memoranda of understanding which were signed in previous years with common purpose of providing stability of the financial system, the memoranda of understanding were signed between Agency and Qatar, Germany, Croatia, Jordan, Belgium, South Korea and Iraq supervision authorities and thus 32 memoranda of understanding were signed up to date. The negotiations on signing memorandum of understanding with Netherlands, Italy, France, United Kingdom, Spain and Egypt supervision authorities are continuing on.

2.2.3 Enforcement Activities

Activities carried out within the scope enforcement activities are gathered under two groups; establishment, authorization and licensing activities and evaluation, enforcement activities. Accordingly, licensing activities as well as evaluation and enforcement activities of the institutions under supervision and surveillance of the Agency are carried out.

2.2.3.1 Authorization and Licensing Activities

The applications made to the Agency, by the institutions which are under responsibility of the Agency within the scope of authorization and licensing activities, are analyzed, evaluated and concluded.

Within this scope; the permission of establishment, activity, share transfer, merger, transfer, opening branch and representative offices are granted, capital raising requirements are processed, main contract amendments are evaluated in compliance with the legislation. Besides, authorization of the institutions to give valuation, rating, support and independent audit services to the banks, and the authorization of establishment and operation of asset management companies are concluded. On the other hand, it is evaluated whether or not the persons to be assigned in the above mentioned institutions bear the conditions required by the legislation. Authorization of the institutions within the scope of Bank Cards and Credit Card Law are carried out accordingly.

Establishment and Operating Permissions and Authorization

While operating permission to 5 companies and establishment permission to 7 companies were granted, independent audit authorization to two companies and valuation authorization to 42 companies were further granted in 2011.

Table 2-12: Establishment and Operating Permissions and Authorization

Title of Institution	Type of Transaction	Date and Number of Resolution
Banks		
Audi s.a.l. Saradar Group	Establishment Permission	27/10/2011 – 4432
Factoring Companies		
Ce-Sa Faktoring Hizmetleri A.Ş. (*)	Establishment Permission	11/03/2011 – 4107
LBT Faktoring Hizmetleri A.Ş.	Establishment Permission	13/07/2011 – 4300
Credit Alta Faktoring A.Ş.	Establishment Permission	27/10/2011 – 4442
As Faktoring Hizmetleri A.Ş.	Operating Permission	27/07/2011 – 4314
Sardes Faktoring A.Ş.	Operating Permission	25/08/2011 – 4357
Finance Companies		
VFS Finansman A.Ş.	Establishment Permission	16/06/2011 – 4247
Orfin Finansman A.Ş.	Establishment Permission	23/11/2011 – 4456
VFS Finansman A.Ş.	Operating Permission	29/12/2011 – 4516
Asset Management Companies		
Final Varlık Yönetim A.Ş.	Establishment Permission	11/03/2011 – 4121
Efes Varlık Yönetim A.Ş.	Operating Permission	05/05/2011 – 4181
Final Varlık Yönetim A.Ş.	Operating Permission	13/07/2011 – 4301
Independent Audit Companies		
Ata Uluslararası Bağ. Den.ve SMMM A.Ş.	Independent Audit Authorization	12/05/2011 – 4186
MBK Bağımsız Denetim ve SMMM A.Ş.	Independent Audit Authorization	13/10/2011 – 4420
Valuation Companies		
Ekspertur Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	27/01/2011 – 4030
Etik Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	27/01/2011 – 4030
Eva Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	27/01/2011 – 4030
Form Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	27/01/2011 – 4030
Lal Gayrimenkul Değ. ve Müşavirlik A.Ş.	Valuation Authorization	27/01/2011 – 4030
Reel Gayrimenkul Değerleme A.Ş.	Valuation Authorization	27/01/2011 – 4030
Tgd Gayrimenkul Değerleme A.Ş.	Valuation Authorization	27/01/2011 – 4030
A Artibir Gayrimenkul Değerleme A.Ş.	Valuation Authorization	07/04/2011– 4150
A Pozitif Gayrimenkul Değerleme A.Ş.	Valuation Authorization	07/04/2011 – 4150
Adres Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	07/04/2011– 4150
Çınar Taşınmaz Değ. ve Müşavirlik A.Ş.	Valuation Authorization	07/04/2011– 4150
Donatı Gayrimenkul Değerleme A.Ş.	Valuation Authorization	07/04/2011– 4150
Foreks Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	07/04/2011– 4150
İstanbul Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	07/04/2011– 4150
Kent Kurumsal Gayrim. Değ. ve Danış. A.Ş.	Valuation Authorization	07/04/2011– 4150
Lider Gayrimenkul Değerleme A.Ş.	Valuation Authorization	07/04/2011– 4150
Respa Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	07/04/2011– 4150
Tadem Taşınmaz Değerleme Müşavirlik A.Ş.	Valuation Authorization	07/04/2011– 4150
Zeugma Gayrimenkul Değ. ve Danış.A.Ş.	Valuation Authorization	07/04/2011– 4150
Monat Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	12/05/2011 – 4187
Aktif Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	30/06/2011 – 4289
Anreva Kurumsal Gayri. Değ.ve Danış. A.Ş.	Valuation Authorization	30/06/2011 – 4289
Çizgi Gayrimenkul Değerleme A.Ş.	Valuation Authorization	30/06/2011 – 4289

KL Gayrimenkul Değ. ve Danışmanlık A.Ş.	Valuation Authorization	30/06/2011 – 4289
Prim E Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	30/06/2011 – 4289
Ada Taşınmaz Değerleme Danışmanlık A.Ş.	Valuation Authorization	27/07/2011 – 4321
Abc Gayrimenkul Değ. ve Danışmanlık A.Ş.	Valuation Authorization	11/08/2011 – 4345
Beta Gayrimenkul Değerleme A.Ş.	Valuation Authorization	11/08/2011 – 4345
Net Kurumsal Gayrim. Değ. ve Danış. A.Ş.	Valuation Authorization	11/08/2011 – 4345
Som Kurumsal Gayrim. Değ. Hizme. Tic. A.Ş.	Valuation Authorization	11/08/2011 – 4345
Girişim Gayrimenkul Değerleme A.Ş.	Valuation Authorization	15/09/2011 – 4380
Ulusal Gayrimenkul Değerleme A.Ş.	Valuation Authorization	15/09/2011 – 4380
İlke Gayrimenkul Değerleme A.Ş.	Valuation Authorization	13/10/2011 – 4421
Makro Gayrimenkul Değerleme A.Ş.	Valuation Authorization	20/10/2011 – 4431
May Gayrimenkul Değ. ve Danışmanlık A.Ş.	Valuation Authorization	02/11/2011 – 4446
Seak Gayrimenkul Değerleme A.Ş.	Valuation Authorization	02/11/2011 – 4446
Tuveo Kurumsal Gayri. Değ. ve Danış. A.Ş.	Valuation Authorization	02/11/2011 – 4446
Adil Taşınmaz Değ. ve Danışmanlık A.Ş.	Valuation Authorization	08/12/2011 – 4480
Gerçek Gayrimenkul Değerleme A.Ş.	Valuation Authorization	08/12/2011 – 4480
Koza Gayrimenkul Değerleme A.Ş.	Valuation Authorization	08/12/2011 – 4480
Sentez Gayrimenkul Değerleme A.Ş.	Valuation Authorization	08/12/2011 – 4480
Yetkin Gayrimenkul Değ. ve Danış. A.Ş.	Valuation Authorization	08/12/2011 – 4480

(*) License granted to Ce-Sa Faktoring Hizmetleri A.Ş. who did not make any application of operating permission in due time and did not send any information concerning that it was established to the Agency, was deemed invalid.

On the other hand, the operating permission of 3 factoring and 4 financial leasing companies were cancelled and audit authority of one independent audit institution was cancelled with reasons such as their own demand, mergers and acquisitions or violating the legislation.

Table 2-13: Institutions whose Operating Licenses were cancelled

Title of Institution	Reason of Cancellation	Date and Number of Resolution
Factoring Companies		
Hedef Finans Faktoring Hizmetleri A.Ş.	Contradiction to Legislation	05/05/2011 - 4173
EDF Finans Faktoring Hizmetleri A.Ş.	Company demand	29/12/2011 - 4518
Süzer Faktoring A.Ş.	Mergers/Acquisitions	07/04/2011 - 4146
Financial Leasing Companies		
Tekstil Finansal Kiralama A.Ş.	Company demand	16/06/2011 - 4252
Ticaret Finansal Kiralama A.Ş.	Company demand	27/10/2011 - 4443
Ata Finansal Kiralama A.Ş.	Company demand	15/11/2011 - 4449
TEB Finansal Kiralama A.Ş.	Mergers/Acquisitions	30/06/2011 - 4272
Independent Audit Firms		
Kuzey Yeminli Mali Müşavirlik A.Ş.	Company Demand	29/09/2011 - 4389

The following table includes the information relating to permission operations and authorization demands submitted to the Agency, which are still in progress.

Table 2-14: Permission and Authorization Demands Under Evaluation

Company and Transaction Type	Type of Transaction	2008	2009	2010	2011
Bank	Auth. Application	3	4	1	1
Financial Leasing Com.	Est. App./Auth. Application	2	2	0	0
Factoring Companies	Est. App./Auth. Application	12	14	13	5
Financing Companies	Est. App./Auth. Application	3	2	0	0
Housing Fin. Companies	Auth. Application	13	0	0	0
Independent Audit Comp.	Auth. Application	2	4	3	2
Valuation Companies	Auth. Application	11	29	27	29
Rating Agencies	Auth. Application	3	1	2	1
Asset Manag. Comp.	Est. App./Auth. Application	0	0	0	0
Card System Comp.	Auth. Application	0	0	0	0
Foreign Bank	App. for Opening Representative Office	3	1	1	2
Banks Est. Abroad	Application for Opening Branch	0	0	0	0
Total		52	57	47	40

Other Permission Transactions

Permission activities continued to be submitted to the Agency in 2011, within the scope of the Banking Law and the Regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Financing Companies.

Permissions for Share Transfer, Merger and Acquisitions

In 2011, various permissions of share transfer, merger and acquisitions were granted by Resolutions of the Board whose details were given below concerning the institutions within the scope of the Law.

1. Pursuant to the Resolution of the Board dated January 13, 2011, nr. 4014; A Grup shares of Asya Katılım Bankası A.Ş. with TL 12,932,732 value have been transferred to Forum İnşaat A.Ş.
2. Pursuant to the Resolution of the Board dated February 10, 2011, nr. 408; permission was granted for Fortis Bank A.Ş. to be transferred to Türk Ekonomi Bankası with all rights and liabilities and all its assets and liabilities by ending its legal personality.
3. Pursuant to the Resolution dated February 10, 2011, nr.4048 of the Board, Fortis Bank A.Ş. was permitted to be indirect shareholder in TEB Faktoring A.Ş. which is subsidiary of Türk Ekonomi Bankası A.Ş. with 99.999 percentage share , as a result of transfer transactions of Fortis Bank A.Ş. to Türk Ekonomi Bankası A.Ş. , pursuant to the article 13(3) of the Regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Finance Companies and permitted the direct share of TEB Holding A.Ş. in Türk Ekonomi Bankası A.Ş. to decrease to 42.04% from 84.25%, and Fortis Bank SA/NV to have direct share amounting to 47.15% in Türk Ekonomi Bankası A.Ş. and its indirect share to increase to 68.17% from 42.12%, which resulted in indirect share of BNP Paribas Yatırımlar Holding A.Ş. in Türk Ekonomi Bankası A.Ş. to decrease 21.02% from 42.13%, the indirect share of Hasan

Tevfik Çolakoğlu in Türk Ekonomi Bankası A.Ş. to decrease 10.47% from 20.99%, the indirect share of Çolakoğlu Metalurji A.Ş. in Türk Ekonomi Bankası A.Ş. to decrease to 10.81% from 21.66%, the indirect share of Société Fédérale de Participations et d'Investissement in Türk Ekonomi Bankası A.Ş. to increase to 22.53% from 13.91%, the indirect share of BNP Paribas SA in Türk Ekonomi Bankası A.Ş. to increase to 51.32% from 32.04%.

4. Pursuant to the Resolution dated February 24, 2011, Nr. 4085, it is decided to grant permission, pursuant to article 18 of the Act, for USA Treasury to withdraw from partnership by selling total shares that it owns in Citigroup Inc. due to the fact that it resulted in decrease of following items within the scope of the article 18(1) of the Banking Law;
 - I- The direct shareholding ratio of USA Treasury in Citibank Overseas Investment Corporation of which it owns the total thereof and indirect shareholding ratio of Treasury in Citibank A.Ş.,
 - II- The shareholding ratio of Akbank T.A.Ş. in Citibank Overseas Investment Corporation of which it is a direct shareholder amounting to 20%.
5. Pursuant to the Resolution dated February 28, 2011, Nr. 4101; it is decided to;
 - I- Grant permission to the shares amounting to 18.6% of the Bank capital of General Electric Capital Corporation (GECC) and the shares amounting to 6.29% of the Bank capital of Doğu Holding A.Ş. pursuant to the article 18 of the Banking Law, to be transferred to Banco Bilbao Vizcaya Argentaria S.A. (BBVA), which resulted in the following facts:
 - a) The direct share of GECC in T. Garanti Bankası A.Ş. (the Bank) decreasing to 1.25% from 19.85%, and the indirect share decreasing to 2.25% from 20.46%,
 - b) BBVA S.A. having 24.89% share in the Bank,
 - II- BBVA shall be indirect shareholder in Garanti Finansal Kiralama A.Ş. and Garanti Faktoring Hizmetleri A.Ş. which are affiliates of the Bank, pursuant to the article 13(3) of the Regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Finance Companies.
6. Pursuant to Resolution of the Board dated March 11, 2011, nr.4112, it is permitted that A group share amounting to TL 6,482,997 of Asya Katılım Bankası A.Ş. shall be transferred to Sürat Basım Yayın Rek. Eğ. Ar. San. Tic. A.Ş.
7. Pursuant to the Resolution dated March 29, 2011, nr.4134 of the Board, it is permitted that
 - I- Direct share of BNP Paribas Fortis Yatırımlar Holding A.Ş. in TEB Holding A.Ş. shall increase to 57.28% from 50%,
 - II- Direct share of Fortis Bank SA/NV in Türk Ekonomi Bankası A.Ş. shall decrease to 0% from 47.15%, and the indirect share thereof to decrease to 45.58% from 68.17%,
 - III- BNP Paribas Fortis Yatırımlar Holding A.Ş. to be direct shareholder in Türk ekonomi Bankası A.Ş. by 14.09% and the indirect share thereof to increase to 45.58% from 21.02%,

IV- BNPP Yatırımlar Holding A.Ş. to be direct shareholder by 20.35% in Türk Ekonomi Bankası A.Ş. , direct share of TEB Holding A.Ş. in Türk Ekonomi Bankası A.Ş. to increase to 55% from 42.04%,

in manner to result in increasing of the indirect share of Fortis Bank SA/NV in TEB Holding A.Ş. to 57.28% from 50%; decreasing of the indirect share of Société Fédérale de Participations et d'Investissement in Türk Ekonomi Bankası to 17.25% from 22.53%; pursuant to article 13(3) of the Regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Finance Companies, TEB Holding A.Ş. to be managed by Çolakoğlu and BNP Paribas Groups by a partnership of 50%-50%, following the transfer of 7.28% shares of TEB Holding A.Ş.; who is the majority shareholder of Türk Ekonomi Bankası A.Ş. with 99.99% share in TEB Faktoring A.Ş., to Galata Yatırım Holding A.Ş.

8. Pursuant to Resolution of the Board dated March 04, 2011, Nr. 4146; it is deemed appropriate to grant permission to merger of the below mentioned companies by transferring Süzer Faktoring A.Ş. to Kent Faktoring A.Ş., pursuant to the article 30;(1) of the regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Finance Companies and the Degree Law Nr. 90 on Money Lending Transactions.
9. Pursuant to the Resolution dated April 28, 2011, Nr. 4167 of the Board; the transfer of 99.99% shares of Assan Tüketici Finansmanı A.Ş. belonging to Kibar Holding A.Ş. and Kibar Group Companies to ALJ Lubnatsi Otomotiv Pazarlama Satış A.Ş. was deemed appropriate within scope of article 13 of the Regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Finance Companies.
10. Pursuant to the Resolution dated May 05, 2011, Nr. 4176; it is deemed appropriate within the scope of article 13 of the Regulation on Principles for Establishment and Activities of Financial Leasing, Factoring and Financing Companies the Bank to take over the share amounting to 46.40% of Ordu Yardımlaşma Kurumu which correspond 32,826,705 shares and one share of Hülya Zoral AYDIN, which is one of the firm partners of T. Halk Bankası A.Ş. having share of 47.75% in Halk Finansal Kiralama A.Ş. and that the Firm Control shall be transferred entirely to the Bank as a result of share transfer.
11. Pursuant to the Resolution Dated May 05, 2011, Nr. 4178, it is deemed appropriate that the direct share of Gözde Finansal Hizmetler A.Ş. in the Bank shall increase to 13.69% as a result of transfer of shares of Murat ÜLKER, Ahsen ÖZOKUR, Orhan ÖZOKUR and Ali ÜLKER, corresponding to 10.25% of the capital of Türkiye Finans Katılım Bankası A.Ş., (the Bank), to Gözde Finansal Hizmetler A.Ş.
12. Pursuant to the Resolution dated May 31, 2011, Nr. 4236, it is deemed appropriate to grant permission to the following within the scope of article 18 of the Banking Law;
 - I- Private Financial Holdings Ltd.(Bermuda), European Financial Group EFG (Luxembourg) S.A., EFG European Financial Group Ltd. Malta to have indirect share in Eurobank Tekfen A.Ş. (the Bank) by 30.86%, 30.04%, 30.04% respectively,

II- The indirect share of Private Financial Investments Holding Ltd. (Jersey) and EFG Bank European Financial Group (Geneva) companies in the bank to decrease to zero from 30.86%,

III- The indirect share of Anne Henriette LATSIS in the Bank to decrease from 30.86% to zero,

by taking into account that there is a restructuring of intra-group of share transfer transactions being made in the Bank from the documents presented relating to the financial state and financial activities of the companies which will become indirect shareholders of the Bank, it is understood that these companies are holding companies established for restructuring, there is no change in the position of ERG Eurobank Ergasias S.A., which stated it shall act as a company directly partner to the Bank in its partnership structure and pursuant to the Commitment Letter dated September 19, 2006 taken, and Latsis family which controls the Bank and EFG Group.

13. Pursuant to the Resolution of the Board dated June 16, 2011, Nr. 4245, it is deemed appropriate pursuant to the article 5 and 7 of the Regulation on Establishment and Activity Principles of Asset Management Companies that the shares of Standard Varlık Yönetim A.Ş. amounting to 99.99% belonging to SBIC Investments A.A. to taken over by Standard Ünlü Menkul Değerler A.Ş.
14. Pursuant to the Resolution of the Board dated June 30, 2011, Nr. 4272, it is deemed appropriate to grant permission to the companies being merged by transferring TEB Finansal Kiralama A.Ş. to BNP Paribas Finansal Kiralama A.Ş., pursuant to article 30(1) of the Regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Finance Companies.
15. Pursuant to the Resolution of the Board dated June 30, 2011, Nr. 4279, permission is granted for transfer of A group shares amounting to TL 1,579,998 of Asya Katılım Bankası A.Ş. to Ortadoğu Tekstil Tic. ve San. A.Ş.
16. Pursuant to the Resolution of the Board dated July 13, 2011, Nr.4307, permission is granted for transfer of A group share amounting to TL 225,000 of Asya Katılım Bankası A.Ş. to Mehmet Necip IŞIK, the share thereof amounting to TL 112,500 to Zeki ERDEMİR, the share thereof amounting to TL 200,000 to Ali Ulvi ORHAN, the share thereof amounting to TL 1,800,000 to Muhammet ÖZEN and the share thereof amounting to TL 263,005 to Hasan SAYIN.
17. Pursuant to the Resolution dated July 27, 2011, nr.4316; it is deemed appropriate within the scope of the article 13(1) of the Regulation that National Bank of Greece S.A. will have 29.87% share in the capital of Finans Finansal Kiralama A.Ş. and that partnership share of Finans Yatırım Menkul Değerler A.Ş. in the mentioned Company will increase to 13.32% from 8.21%.
18. Pursuant to Resolution of the Board dated September 15, 2011, nr.4381; it is permitted pursuant to the article 18(1) of the Banking Law that direct share of Arab Bank Plc. in Turkland Bank A.Ş. (the Bank) to decrease to 28.33% from 49.99% and that Arab Bank (Switzerland) will have direct 21.66% share in the Bank, as result of the fact that in the capital increase process of the Bank to TL 300,000,000 from TL

170,000,000, the current partner Arab Bank Plc. did not use its preemptive right and TL 65,000,000 capital was raised by Arab Bank (Switzerland) Ltd.

19. Pursuant to the Resolution of the Board dated September 29, 2011, nr.4388; it is deemed appropriate pursuant to the article 13 of the Regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Finance Companies that the control of Fortis Commercial Finance Holding N.V. shall be transferred to Fortis Bank NV/SA as a result of the fact that total shares of Fortis Commercial Finance Holding N.V., with shares amounting to 99.99% in the capital of Fortis Factoring A.Ş. was sold to Fortis Bank NV/SA.
20. Pursuant to the Resolution of the Board dated October 06, 2011, nr. 4404, it is deemed appropriate for Ulusal Faktoring A.Ş. to transfer 47% of its shares to PineBridge Eurasia Financial Investments S.a.r.l. pursuant to article 13 of the Regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Finance Companies.
21. Pursuant to the Resolution of the Board dated December 08, 2011, nr.4477; within the scope of the Regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Finance Companies, it is deemed appropriate for transferring total shares of Ak Faktoring Hizmetleri Ticaret A.Ş. to İnan ALTINBAŞ by 50%, Hüseyin ALTINBAŞ by 47% and to Altınhas Holding A.Ş., Abdulhamit YURT and Atilla KESKİN each by 1 percent.
22. Pursuant to the Resolution of the Board dated 22 December, 2011, nr. 4497; it is deemed appropriate that 24,065,094.61 par value stock of ISE Settlement and Custody Bank Inc. (the Bank) with a value of TL 2,406,509.46 which is under management of the SDIF to be purchased by ISE, thus share of ISE in the Bank to increase to 36.64% from 32.63% pursuant to the article 18 of the Banking Law and article 11 of the Regulation on Operation of Banks Subject to Permission and Indirect Shareholding.
23. Pursuant to Resolution of the Board dated December 29, 2011, nr.4519, pursuant to the article 13 of the Regulation on Establishment and Activity Principles of Financial Leasing, Factoring and Finance Companies, it is deemed appropriate that Kerim ERENGÜL would raise his share in Merkez Faktoring Hizmetleri A.Ş. to 16.99% from 0.00002 by using its priority right, due to the fact that Sema CINGILLIOĞLU did not participate to cash raise due to capital increase.

Permissions for Cross-Border Activities, Representative Offices and Branches, Registration Transactions

In 2011, three banks were granted permission to have subsidiaries abroad, seven banks were granted permission to open branches abroad and two banks were granted permission to open representative offices abroad.

On the other hand, pursuant to article 8 of the Financial Leasing Law, in cases where financial leasing companies residing abroad have no branches in Turkey, financial leasing contracts thereto are registered by the Agency. Accordingly, the Agency registered 64 financial leasing contracts on air vehicles in 2011.

While the applications of seven foreign banks to open representative offices in Turkey were approved in, KBC Bank N.V. closed its representative office in 2011.

Table 2-15: Foreign Banks Granted Permission for Representative Office

Name of the Bank	Country of Origin	Date / Number	Date of Activity
Bank Al Habib Limited	Pakistan	11/03/2011 - 4108	09/08/2011
Bank of China Ltd.	China	18/05/2011 - 4211	28/06/2011
Banco Bilbao Vizcaya Argentaria SA	Spain	27/07/2011 - 4319	21/09/2011
Texnikabank	Azerbaijan	08/09/2011 - 4376	03/11/2011
Sumitomo Mitsui Banking Corporation	Japan	13/10/2011 - 4419	-
Banco Popular Espanol SA	Spain	23/11/2011 - 4454	-
Mizuho Corporate Bank Ltd.	Japan	22/12/2011 - 4502	-

2.2.3.2 Evaluation and Enforcement Activities

Within the scope of evaluation and enforcement activities, information obtained from on-site audit and surveillance are evaluated along with information and documents received from institutions and independent audit companies as well as other people and institutions and organizations, to ensure that institutions under the supervision of the Agency operate in compliance with the legislation. Determined necessary actions are pronounced to related institutions to implement. Meanwhile these issues are taken into account also in supervision and surveillance activities. On the other hand, within the scope of evaluation and enforcement activities, except from private law relations, necessary actions are being taken regarding complaints and denunciations submitted to the Agency related to institutions and matters covered in the Banking Law and related legislation as well as complaints and denunciations for settling disputes that may arise among institutions and third parties,

Pursuant to the Banking Law, 382 administrative fines were imposed regarding banks, 18 administrative fines were imposed regarding related persons and institutions.

Besides, reports related to 2010 regarding information systems and banking processes realized by independent audit institutions were evaluated in 2011. Following the evaluations findings in these reports and the point of view and explanations of the bank concerned and action plans approved by the board of management concerning thereof were taken over IAFS (Independent Audit Follow up System). The compatibility and adequacy of the plans presented were evaluated. Within this scope, while 13 administrative fines were imposed due to violation of the legislation relating to information systems in 2011, the evaluation studies go on in certain banks.

Table 2-16: Distribution of Administrative Fines

Institution	2010		2011	
	Number	Share%	Number	Share %
Banks(*)	142	89,9	395	95,6
Deposit and Participation Banks	118	74,7	369	89,3
Development and Investment Banks	24	15,2	26	6,3
Representatives of Foreign Banks	0	0,0	1	0,2
Leasing and Factoring Companies	13	8,2	12	2,9
Independent Audit Companies	5	1,3	4	1,0
Asset Management Companies	0	0,0	0	0,0
Valuation Companies	1	1,0	1	0,2
Total	161	100,0	413	100,0

(*) 8 of the administrative fines imposed to banks in 2011 were given to deposit and participation banks, 5 thereof were imposed to development and investment banks and total of 13 thereof were imposed due to violation of legislation on information systems

Besides, penetration test reports, required to be made regularly by banks pursuant to the Communiqué on The Principles to be Taken into Account in Information Systems of the Banks, has been determined to be realized at least once a year and 2011 Report to be delivered to the Agency pursuant to the Resolution of the Board dated January 27, 2011, Nr. 4022. The evaluation of penetration reports by the Agency are currently going on.

On the other hand, as a result of the evaluation of complaints and denunciations submitted to the Agency concerning institutions and subjects within the scope of the Banking Law as well as the requests and complaints submitted to the Agency for resolving the contradictions that may arise among institutions within the scope of the Law and the third parties, excluding private law relations, transactions were carried out concerning 9,895 requests and complaints submitted to the Agency in person and via e-mail.

Table 2-17: Denunciations and Complaints Delivered to the Agency by Subject

Subjects	2010		2011	
	Unit	Share%	Unit	Share %
Consumer Loans	1,383	18.1	2,459	24.9
Credit Cards	2,112	27.7	2,293	23.2
Deposit and Participation Fund Accounts	867	11.4	967	9.8
Interest, Cost and Commission	678	8.9	808	8.2
Negative Loans	504	6.6	629	6.4
Corporate Loans	331	4.3	309	3.1
Departments of the Agency and its Legal Entity	45	0.6	162	1.6
Bank's not replying to an Application	176	2.3	129	1.3
Problems emanating from Cheques	94	1.2	112	1.1
ATM Problems	54	0.7	78	0.8
Maltreatment made by the personnel of the Bank	36	0.5	62	0.6
Denunciations	35	0.5	45	0.5
Factoring Companies	15	0.2	37	0.4

Financing Companies	11	0.1	36	0.4
Bank Implementations made pursuant to Special Law/Contract	18	0.2	29	0.3
İhlas Finans A.Ş. Liquidation Transactions	37	0.5	29	0.3
Money Order transactions	36	0.5	34	0.3
Pledge / Mortgage Problems	26	0.3	30	0.3
Asset Investigation	13	0.2	19	0.2
Internet Banking	7	0.1	22	0.2
Stocks	11	0.1	14	0.1
SDIF Departments and Legal Entity	9	0.1	11	0.1
Financial Leasing Companies	13	0.2	9	0.1
Off Shores	2	0.0	7	0.1
Deposit Insurance	4	0.1	6	0.1
Court Prosecution Office / Judicial Authority Demands	1	0.0	0	0.0
Government Debt Securities	1	0.0	0	0.0
Job Demands	0	0.0	0	0.0
Other Subjects	1,108	14.5	1,559	15.8
Total	7,627	100.0	9,895	100.0

Complaint petitions transmitted to the Agency evaluated on subject basis reveal that the most of the applications are about personal loans and credit cards. As far as the subject of complaints do not violate mandatory provisions of the Law on Bank Cards and Credit Cards and the Banking Law, the Agency cannot interfere with the conflicts.

Table 2-18: Complaints Relating to Credit Cards by Subject

Subjects	2010		2011	
	Unit	%Share	Unit	%Share
Credit Card Fees and Commissions	376	17.8	467	20.4
Debt Restructuring	310	14.7	316	13.8
Issuing Card without informing the Customer	162	7.7	208	9.1
Bank not Cancelling the Credit Card	236	11.2	189	8.2
Disagreement in Debt Amount	113	5.4	128	5.6
Steal / Loss / Fraud	70	3.3	107	4.7
Insurance Problems	181	8.6	102	4.4
Promotions	53	2.5	54	2.4
Statement of Account	35	1.7	49	2.1
Limit Excess	27	1.3	41	1.8
Bank not Responding to an Application	53	2.5	37	1.6
Problems on Interest	49	2.3	24	1.0
Not Granting Credit Card / POS Machine	44	2.1	21	0.9
Granting Card to an Insolvent Person	18	0.9	19	0.8
Indemnity Problems	5	0.2	15	0.7
Automatic Payment Order	6	0.3	7	0.3
Customer Confidentiality	3	0.1	5	0.2
Other Subjects	371	17.6	504	22.0
Total	2,112	100.0	2,293	100.0

Within the scope of provisions of Right to Information Act Nr. 4982, 5,915 applications were made to the Agency and information and documents concerning 5.7% of these were accessed. Due to the fact that “Contact Us” on our Agency’s official web-site has been updated and detailed information included on the “Right to Information” page has resulted in reduced number of applications made to the Agency.

Table 2-19: Applications to the Agency within the Scope of Right to Information Act

Result of the Application	2010		2011	
	Number	%Share	Number	%Share
Full Access to Information and Documents	1,285	12.3	219	3.7
Partial Access to Information and Documents	179	1.7	118	2.0
Access by Deducting/Discarding Confidential Information	1	0.0	1	0.0
Directed to Other Institutions and Agencies	37	0.4	57	1.0
Refused (*)	8,927	85.6	5,520	93.3
Rejected and Brought to Jurisdiction	0	0.0	0	0.0
Total	10,429	100.0	5,915	100.0

(*) The applications are classified under the category of “Refused” since they were not in quality of access to information/document of our Agency in manner which defined in the provisions of the Right to Information Act, however all proper applications were answered by explanations and giving reference to the inquirers besides, where necessary required action has been taken by directing them to financial institutions concerned and the related departments of our Agency.

2.2.4 Research Activities

2.2.4.1 Working Papers

The activities related to preparing the working paper with the title “European Union Economical Crisis”, which concerned the breakdown realized in the economic outlook of EU together with global financial crisis, the management process of the said crisis and reforms in EU policies and strategies following this crisis, were carried on in 2011 and was concluded to a great extent. The study aimed to analyze problems which EU economies experienced during global financial crisis and measures taken for solving these problems and mechanisms established; within this scope financial sector is expected to benefit from experience of EU.

On the other hand, the study on policy paper titled “Protection of Financial Consumer in Turkey” initiated in 2011 has been concluded significantly. The preparation of policy paper, which includes subjects such as cognitive framework and developments, international regulatory framework, country implementations, Turkish implementation, has been carried on and it is aimed that it would constitute a background for strategy document herein.

2.2.4.2 Periodicals

2011 has been a year during which economic activity in developed countries have been sluggish, especially in EU, that EU has felt negative effects of an ongoing debt crisis. In this period, it is observed that emerging countries have continued to decouple with respect to macro economic performance. In such a cycle, studies are carried out related

with monitoring and evaluating domestic and external economic and financial developments and assessing their probable effects on banking system.

Pursuant to the article 97 of the Banking Law, the “Financial Markets Report”, about major developments in financial sector and performances of banks as well as leasing, factoring and financing companies continued to be published quarterly. In this periodical, which is published on the official web-site of the Agency; mainly economic developments, financial sector evaluation and banking sector risk analysis are reported. In 2011 the scope of analysis and risk assessments of banking sector were expanded. The contribution of Financial Markets Report to financial stability has increased as of the fourth quarter of 2011 by enriching its content, expanding its scope, and taking more dynamic method of analysis. “General Outlook of Turkish Banking System”, which quarterly gives information on the number of personnel and branches in Turkish Banking Sector, as well as on important items of their balance sheet, profitability structure, continued to be published on the official web-site of the Agency.

Fifth issue of the “Structural Developments in Banking”, which is a supplementary of the Financial Markets Report including evaluations regarding structural developments in banking sector and non-bank financial sector, was enriched and published. With this report, the market structure, capacity, behavior and performance of banking sector and financial deepening were introduced in details with a global comparative perspective.

Eighth issue of the “Turkish Banking Sector Foreign Exchange Evaluation Report” was announced to the public in 2011. In the mentioned periodical, development of foreign exchange position on bank group basis and derivative transactions with which banks balance their on-balance sheet positions are analyzed in detail and gap analysis of the sector is realized on FX basis according to the re-pricing period.

The evaluations relating to the studies which banks make within the scope of Basel 2 are being collected twice a year by survey, and evaluations are consolidated and shared with the public within the scope of “Basel 2 Progress Report”. The survey content has been reviewed due to the fact that the Basel 2 parallel run has been initiated, in 2011.

In 2011, the periodicals of many authorities such as European Banking Authority (EBA), BIS and equivalent supervisory authorities in other countries have been followed and the developments considered important have been analyzed in detail and continued to be published in the Risk Bulletin, quarterly.

Furthermore, so as to contribute to the development of financial markets and to support academic studies, the “Journal of BRSA Banking and Financial Markets” which is a refereed journal including original articles in Turkish and in English continued to be published in its fourth year.

2.2.4.3 Projects

Within the context of reviewing factors that hinders banking sector to achieve competitive power, profitability, productivity, and rational operation; studies towards detecting and decreasing intermediation costs, removing competition barriers which institutions under supervision encounter by means of cooperation between related

institutions and developing policies to ensure international competitive power to the financial system continued and completed to a great extent. In this context, the concept of market structure and competitive power are defined in detailed manner, models and approaches related to determine competitiveness are evaluated, model implementations and approaches related to measure competitive power in Turkish banking sector are covered, the issues such as competitive power, stability and bank scale are analyzed, definition of efficiency and its measurement are made and analysis for defining and measuring intermediation cost on global scale are evaluated.

2.2.5 Activities Concerning Corporate Governance

2.2.5.1 Institutional Processes

Pursuant to article 101 of the Banking Law; in order to develop internal control and management processes towards planning and conducting Agency's services in accordance with the aims, policies, strategic plan and legislation, efficient use of sources, and reliability, integrity and timely attainability of information "Principles and Procedures relating to Internal Audit" are defined by the Resolution of the Board dated August 04, 2011, nr.4336. Following the appointment of internal auditors by Chairman of the Agency, internal audit activities have been initiated.

2.2.5.2 Strategies and Policies

In 2011, the most important development with respect to Agency's strategies and policies were the activities conducted within the scope of Financial Sector Assessment Program (FSAP-Turkey) which has been realized for the second time. Within the scope of the FSAP which first was realized in 2006, the team comprised of the staff from the World Bank and IMF made a detailed analysis relating to the regulatory and supervisory framework and the risks in Turkish financial system, in its visit in March.

Furthermore, in 2011, regular monitoring and assessment of developments within the scope of BRSA Strategic Plan (2010-2012) continued, and within the scope of Istanbul International Finance Center (IFC) Strategy and Action Plan active participation in working committees was realized and the coordination and monitoring/evaluation activities were made for the actions conducted under direct responsibility or with cooperation of the Agency.

On the other hand, studies relating to preparation of a strategy and action plan in respect of financial consumer protection in cooperation with Undersecretariat of the Treasury, CBRT, CMB and SDIF were conducted under coordination of the Agency and concluded to a great extent. With the Strategy and Action Plan being prepared regarding financial consumer protection for the term 2012-2014; it is aimed to fortify the judicial, regulatory and supervisory framework, to protect financial consumer rights, to ensure equitable and fair treatment of consumers, to improve competitive environment, to increase efficiency of surveillance institutions and transparency relating to financial services, to establish responsible business conduct, to protect consumer data and privacy, to enhance efficiency of complaints handling and redress, and to increase financial participation. It is expected that the Strategy and Action Plan, which is supplementary to and even precondition for the IFC project, would take its

final form and be put in action, and that it shall contribute integration of Turkey with global markets.

In 2012, regarding strategies and policies; it is planned that the BRSA Strategic Plan will continue to be implemented with all its elements, a new strategic plan towards fortifying regulatory and supervisory framework and enhancing institutional capacity will be prepared, contributions will be made to activities to be executed in the scope of IFC Project, and also the financial consumer protection strategy and action plan under preparation will be put into force and implemented.

Box-3: Financial Sector Assessment Program (FSAP-Turkey)

The main aim of FSAP, a voluntary program conducted collectively by the World Bank and IMF, is to help the determination and resolution of fragilities in financial sector and to support the development and efficiency of financial sector and thus to contribute to economic growth.

Within the scope of FSAP, in order to evaluate the efficiency of supervisory capacity in banking, current practices of supervisory authorities are assessed on the basis of "Core Principles for Effective Banking Supervision" (Core Principles), and adoption of these principles is recommended and supervisory authorities are expected to take measures and responsibilities supporting these principles with the aim to fortify audit and surveillance of financial system.

The second FSAP-Turkey which first was conducted in 2006 under the coordination of Undersecretariat of the Treasury in order to make contribution to financial sector reform initiated in March, 2011, and Turkish financial sector was analyzed in detailed manner by the team comprised of IMF and World Bank representatives. In meetings, basically the activities of the Agency, banks and other institutions that can affect the banking sector was assessed within the scope of Core Principles, and also crisis management and stress testing practices were addressed.

While the assessment process in cooperation with the World Bank and IMF representatives is going on, the final report is planned to be published in 2012. It is expected that the country report shall be instructive for the strategies and policies of the Agency thereafter.

2.2.5.3 Systemic Risk Coordination Committee

The Systemic Risk Coordination Committee was constituted so as to strengthen coordination, cooperation and exchange of information between parties within the scope of the Systemic Risk Cooperation Protocol Concerning Financial System put into force in April 14, 2009 in order to ensure the procedures and principles for the cooperation to determine measures to be taken effectively and rapidly for establishing stability, in case, within the scope of the article 72 of the Banking Law, it is determined, collectively, by the Turkish Treasury, Banking Regulation and Supervision Agency, Savings Deposit Insurance Fund and Central Bank of the Republic of Turkey that there are serious threats against stability of the financial sector. According to the protocol, it is foreseen that Committee shall meet at least twice a year.

The Committee has met four times in 2011. The meetings held with the participation of the CMB have been quite useful in terms of exchange of views among institutions on determining and managing the risks relating to our country during fluctuations experienced in Europe. Besides, meetings focused on developing instruments such as stress test for defining systemic risks and activities of updating scenarios and measures. 2012 activities will concentrate on research, data and stress test applications.

Box-4: Istanbul International Financial Center Project

IFC Strategy and Action Plan which was approved upon the Decision of the High Planning Council Nr. 2009/3 dated September 29, 2009 and published in the OG dated October 02, 2009 and Nr. 27364 calls for that Istanbul shall be transformed into at first a regional, and ultimately a global financial center. Strategy document comprises of the primary activity fields, assessment and targets concerning these fields; and presents a detailed action plan concerning each field of activity. Main fields of activity relating thereto within the document are determined as strengthening legal infrastructure, increasing diversity of financial products and services, building a simple and efficient tax system, developing regulatory and supervisory framework, improving physical infrastructure, strengthening technologic infrastructure, establishing IFC organizational structure, developing human resources, promoting IFC and building its image, monitoring and evaluating the strategy and action plan.

On the other hand, pursuant to the Prime Ministry Circular published on the OG dated May 01, 2010 and Nr. 27568, working committees began to operate so as to carry out the technical works concerning the main fields of activity included in the Action Plan. The BRSA actively participates in the committees on Law, Markets and Instruments, Tax, Regulatory and Supervisory Framework, Infrastructure, Technology and Human Resources.

2.2.5.4 Financial Sector Commission

Pursuant to the article 99 of the Banking Law; the Financial Sector Commission has been established to ensure exchange of information, cooperation and coordination among institutions, to propose joint policies and to express opinion about matters regarding the future of the financial sector. Under the coordination of the Agency, the FSC consists of the representatives of the Agency, Ministry of Finance, Ministry of Development, the Undersecretariat of Treasury, Central Bank, Capital Markets Board, Saving Deposit Insurance Fund, Competition Board, Istanbul Gold Exchange, Istanbul Stock Exchange, Futures and Options Markets and associations of institutions.

The Commission meets at least once in six months upon provisions of the Banking Law. According to the Regulation on Working Procedure and Principles of Financial Sector Commission, the meetings of the Commission are to be held in may and november every year. In that framework, the first meeting of the Commission was realized in May 2006 and the Commission has gathered 12 times up to the end of 2011. In 2011, the Commission gathered twice on the dates of the 27th of May and 25th of November.

At the meeting of May 27, 2011, following topics were discussed;

- Assessment of developments concerning financial sector,
- Current account deficit as an instability factor,
- Exchange of information between institutions regarding the activities carried out within the scope of G-20, Financial Stability Board (FSB), and International Organization of Securities Commissions (IOSCO), Basel Committee on Banking Supervision (BCBS), International Monetary Fund (IMF) and World Bank as well as Organization for Economic Cooperation and Development (OECD) memberships,
- Developments in the IFC Project.

The following topics were discussed in the meeting dated November 25, 2011;

- Developments relating to financial sector,
- EU crisis and its effects,
- Exchange of information between institutions regarding the activities carried out within the scope of G-20, Financial Stability Board (FSB), and International Organization of Securities Commissions (IOSCO), Basel Committee on Banking Supervision (BCBS), International Monetary Fund (IMF) and World Bank as well as Organization for Economic Cooperation and Development (OECD) memberships,
- Strategy and policy documents on the financial sector,
- Developments in the IFC Project.

Within the scope of provisions of the Regulation on Working Procedures and Principles of Financial Sector Commission, the results of both meetings were submitted to the Council of Ministers subsequent to signs of the related parts.

2.2.5.5 Institutional Cooperation

Relations with Domestic Institutions

Pursuant to article 98 of the Banking Law, mutual exchange of views and information were carried on also in 2011 between Turkish Treasury, CMB, SPO, SDIF and CBRT, in order to ensure coordination and cooperation between institutions on subjects relating to money, loan and banking policies. Besides, information was exchanged with other public institutions and organizations particularly the Undersecretariat of Foreign Trade (UFT) and Ministry of Foreign Affairs on subjects regarding banking sector.

Inter-institutional Cooperation and Information Sharing Protocol: the details of share of information within the scope of the Protocol dated December 31, 2010 which states e general conditions of cooperation and share of information activities between the Agency, Turkish Treasury, CMB and SDIF was regulated by dual additional protocols. Within the scope, additional protocols were signed with Turkish Treasury and CMB in 2011, and the Additional Protocol dated September 25, 2001 signed between CBRT was updated. Within the framework, statements were transmitted to the concerned departments by deciding which departments will be responsible of receiving and presenting the information within the scope of protocols.

FCIB Share of Information Protocol: within the scope of provisions of the Regulation Nr. 5549 on Prevention of Monetary Laundering and Measures on Preventing Financing of Terrorism, studies on information sharing in electronic media, the information transmitted to Financial Crimes Investigation Board Chairmanship, related with institutions within the sphere of duty of the Agency and other information which FCIB and the Agency mutually need, are executed. As a result of the studies "The Share of Information Protocol Regulated between BRSA and FCIB" was signed. Within the scope of the Protocol, data sharing system between FCIB and the Agency was established and the transfer of the information included in the annex of the Protocol to sharing system was initiated as of October 05, 2011.

Restructuring of Risk Center: Studies on restructuring of Risk Center in BAT was supported. Two regulation drafts were presented for evaluation prepared by Risk Center Study Group displaying activity in BAT comprised of representatives of the Agency, CBRT, BAT, KKB, financial leasing, factoring, asset management and finance companies. Besides, other financial institutions that shall be members of Risk Center in addition to credit institutions (development and investment banks, financial leasing, factoring, asset management and finance companies, credit guarantee fund, agricultural and craftsman's cooperatives, rating and valuation institutions) are determined by the Resolution of the Board dated May 31, 2011, nr.4216 due to provisions of the Law nr.6111, the provisions of which relate to the establishment of Risk Center.

Relations with Foreign Institutions

World Bank: Our views concerning CPS program executed by the World Bank were transmitted to the said Agency. Besides, within the scope of the study "Stability and Development of Financial Sector Technical Support and Training Program", negotiations were made with the World Bank related to technical cooperation in consolidated audit field.

IMF: Negotiations made with the IMF delegations who visited our country on topics regarding banking sector under the sphere of duty of the Agency. Participation was provided to detailed studies reviews realized by IMF technical committee within scope of Article IV of the IMF Establishment Agreement relating to economical development of the member countries.

Bank for International Settlements (BIS): The Agency participates in the meetings of the Bank for International Settlements (BIS) Basel Committee on Banking Supervision (BCBS) which are held in Basel quarterly and which the Agency became a member in 2009. The membership was divided into 20 sub-committees of the said Committee that operate in the second and third level and contribution was provided to activities which are carried out, in 2011.

On the other hand, participation was realized in international level to Basel 3 Quantitative Impact Studies with December 2010 data and by participation of certain banks, which aims to measure the effects of regulations relating to enhancing capital structure of banks and financial institutions named as Basel 3 which was made public following its development by BIS after the latest global financial crisis. As a result of impact studies, it is foreseen that our country's banks shall not meet any problem

concerning compliance to Basel 3. The study shall be repeated by using the data of 2011, in 2012.

OECD: In line with the operations conducted within the structure of the Organization for Economic Cooperation and Development (OECD); the Agency participated in the Working Groups it is related to, particularly the OECD Financial Markets Committee.

European Union: Operations of implementing the commitments on subjects that fall under the sphere of duty of the Agency under the title of Ability to Assume the Obligations of Membership included in the National Program of Turkey for the Adoption of the EU Acquis published in the Official Gazette dated December 31, 2008 and Nr. 27097 were carried on.

The Agency representatives participated in the meetings of Internal Market and Competition Sub-Committee Nr. 4, one of the eight sub-committees founded upon Decision Nr. 3/2000 of the EU-Turkey Association Council which aims to direct the analytic inspection process concerning the legislation between EU and our country and Economics and Monetary Issues, Capital Movements and Statistics Sub-Committee Nr. 4 in March 01, 2011 in Brussels and presentation has been made related to the developments realized in Turkish banking sector.

Within the scope of the second component of the Project titled "Strengthening Macro and Micro Supervision in Countries which are Candidates or Potential Candidates to European Union" carried out by the European Central Bank (ECB) within the scope of the European Union Multi Beneficiary IPA Program that was brought into force in 2011, technical cooperation was provided in respect of developing macro-stress tests, early warning systems between the Agency and the National Bank of Belgium and ECB. Within the scope of the third component of the said Project, participation has been provided to "Crisis Simulation Study" and the Project concluded.

By the organization and finance of TAIEX, a visit to BAFIN has been realized concerning experiences of transition to Basel 2.

Islamic Financial Services Board (IFSB): Contribution to the studies of Islamic Financial Services Board - IFSB which has been founded in 2002 has been realized of which the Agency became a member in December 14, 2010 and has worked to develop best practices in regulation and supervision of Islamic financial services, announcing and standardization thereof.

Other: Participation was realized to technical committee meetings being held in Ankara periodically between Turkish Republic and Turkish Republic of Northern Cyprus, and to the meeting realized in Nicosia in 20-24 June, 2011 to review financial protocol between the two countries. Exchange of opinions was made relating to banking sector in meetings realized with Dubai Financial Services Authority, National Bank of Kazakhstan, Bank of Italy, and FED of New York.

On the other hand, many meetings were held with international agencies and institutions, and opinions were given as to the reports prepared by international rating institutions regarding our country.

2.2.5.6 Informing Public

The Agency informed the public with various instruments and methods concerning regulating and supervising activities primarily, thus contributing to transparency in the financial system.

Banking Product and Service Prices Application: Pursuant to the Circular dated January 06, 2011, Nr. 2011/1 of the Agency; the Banking Products and Services Prices Application, limited by retail customers, which foresees the publication of interest rates information, in bank's web-sites, and simultaneously in the official web-site of the Agency, which is the main cost element for all sorts of non-interest element and legal deduction and for certain banking products demanded in return for services presented by the banks, has provided a media where consumers can compare costs of different banks and can monitor all cost information of all banks from one point. The application was put into usage of the public officially as of January 06, 2011, following the test study between April 1st and June 1st.

Frequently Asked Questions: In order to inform public more efficiently and raise consumer awareness "FAQ: Frequently Asked Questions" section was added to the official web-site of the Agency. In the said section, 89 questions and answers are found concerning activity field of the Agency under 6 titles (Complaints, Statistics, Financial Products, Supervision, Basel and BRSA).

Turkish Banking Sector Interactive Monthly Bulletin: The statement of "Deposit-By Types" in which deposit/participation fund data was presented as to domestic and foreign residency with monetary size tranches of deposit/participation fund by types, was amended for being analyzed in detail in the differentiation of deposit/participation fund types with real person and official, commercial and other institutions and for presenting separately foreign exchange accounts and precious metal deposit accounts.

FINTURK (Financial Map of Turkey) Application: The first version of FINTURK application (December 2007-June 2010) which reflects geographical distribution of deposit and loans which is the most important source and extension item of banking sector has provided opportunity to have access to information and ratios by bank-bank group-sector on province basis by taking into account standard foreign branch codes used in bank/branch code information and reporting set. This version was amended due to the fact that it has caused misleading comments concerning the deposit abroad belonging to persons residing in the country and loans used from abroad and that it reflects loan and deposit performances of the branches, and the second version which takes basis as loan users and deposit owners was put into usage as of September 2010. In the second version of the application, the provinces in which the customers are residing instead of branch codes were taken as the basis and loan and deposit distribution was initiated to be presented to users on province basis. The following information shall be available by the FINTURK application; distribution of cash (performing-non-performing), non-cash loans as to provinces; distribution of deposit in details of deposit types; the ratios presenting the distribution of loans and deposits as to population living in provinces; various ratios providing the evaluation of loan performance, distribution of personal loan, information of sectoral loan distribution and branch distribution on province basis.

The access to the first version of the application is enabled in 2011 in order to ensure banks to follow their own branch performance. Besides, the function of “providing collective data” has been added to FINTURK application on sector, bank and period basis. The studies concerning updating the application as to expectation and requirement of users are carried on.

2.2.6 Advisory Activities

Within the scope of advisory activities, the actions on representation of the Agency in front of the legal and administrative authorities and execution offices in following-up, defending and resolving all kinds of disagreements to which the Agency is a party or the Agency is related as well as declaring opinion on legal subjects were continued in 2011.

Table 2-20: Cases to which the Agency is a Party

Type of Cases	2010		2011	
	Number	%Share	Number	%Share
Administrative Cases	25,339	98.6	25,355	98.6
T. İmar Bankası T.A.Ş.	23,723	92.3	23,723	93.6
Demirbank T.A.Ş.	1,173	4.6	1,173	4.6
Other	443	1.7	459	1.8
Criminal Cases	160	0.6	165	0.6
Civil Cases	197	0.8	199	0.8
Total	25,696	100.0	25,719	100.0
Pending Cases	24,482	95.3	24,361	94.7
Finalized Cases	1,214	4.7	1,358	5.3

98.6% of the lawsuits to which the Agency is party are composed of administrative lawsuits. This situation emanates from the full remedy actions brought by those demanding compensation of losses claimed to be occurring because of Treasury bills sale and deposit transactions realized by T. İmar Bankası T.A.Ş, and full remedy actions brought by small shareholders of Demirbank T.A.Ş. both of whose licenses to perform banking operations and accept deposit were revoked. 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 advisory activities, a total of 57 legal opinions were prepared about various subjects, such as MoUs signed between the Agency and surveillance and supervision authorities of foreign countries and implementation problems about personnel regime, and handed to the concerned units of the Agency, 371 writs of various courts were answered.

On the other hand, a total of 318 opinions were given related to the Banking Law and Law on Bank Cards and Credit Cards, and sub-regulations concerned, 136 intra-agency and 182 out of the Agency.

Table 2-21: Opinions Given Regarding the Regulations

	2010			2011		
	In Agency	Out of the Agency	Total	In Agency	Out of the Agency	Total
The Banking Law and Sub-Regulations	66	84	150	62	81	143
Legislation rel. to Non-Bank Fin Ins.	12	16	28	10	23	33
The Law Nr.5464 and related Reg.	9	12	21	12	14	26
Accounting	16	25	41	13	27	40
Other Legislation	51	33	84	39	37	76
Total	154	170	324	136	182	318

2.2.7 Support Activities

2.2.7.1. The Agency Management Information Systems

Within the scope of management information system activities, which represent obtaining systematically the information relating to the Agency's activities, evaluating, analyzing and transferring thereof timely, accurately in updated manner and in manner to include minimum ambiguity, the activities relating to increase the efficiency, effectiveness, and diversity of applications and instruments supporting the functions of the Agency were executed.

Independent Audit Follow-up System (IAFS): The IAFS application is put into service of the personnel which execute audit activity in Information Management Department and to the personnel of Enforcement and Audit, by adding thereof a new interface. The personnel charged in these departments, within the scope of their authorities, can follow the information and reports entered into system by the auditor institutions. It is planned to study for removing the new requirements that arise during usage on IAFS application, in 2021, and to prepare new interfaces for simplifying especially finding follow up.

Identity and Address Information Examination: Developments were made on the software of Central Population Administration System (CPAS) in which address and identity information are examined, the software was put into practice of the personnel concerned of the Agency. It is planned to transfer to the new version (v2) of Identity Sharing System provided by General Directorate of Civil Registration and Nationality in 2012. The web service, written for being used by CPAS and other applications, shall be regulated in manner to provide compatibility to the new version.

Examination Application Page: Certain developments were made on Examination Application software before Assistant Banking Specialist Examination in 2011.

Document Management System: For the Follow-up of Enforcement and Authorization Activities relating to Banks in Electronic Environment to take external correspondence

on Document Management System, the programs were prepared which shall operate on database.

Application Improvement Studies: Improvements were realized on applications regarding permission, retirement, personnel identity and examination, and on telephone guide software. It is planned to provide that the software such as personnel identity, IAFS, retirement, audit document etc. prepared in .NET2005 and older versions be presented to service on new application server by increasing thereof to .NET 2008 version, and that the application which are not used actively be removed from application services by taking their back-ups, in 2012.

Monitoring of Enforcement and Authorization Activities relating to Banks and Enforcement Activities Internal Control Systems in Electronic Media: Development of sub-modules of the system which the studies thereof was initiated in 2009 was carried out in 2011 and coding a significant part of these modules were completed. Of these modules, a part of the resolutions of the Board, person data base, fine amounts, and reporting demanded from the system were put into usage, senior management information, permission operations, establishment operations modules were made ready for test. When the system is totally completed, the Agency operations will be transmitted to the electronic environment, and thus, construction of institutional memory and preventing incoherence are aimed. Within the scope of the system, all modules which their test and development studies continue are planned to be presented for usage by the first half of 2012.

Automation of Receiving EFT Codes: There are EFT codes of bank branches in data base of the Agency for the control of the accuracy of bank branch information included in BRS forms. A software application which automatically downloads the said codes daily from the official web-site of the CBRT for up to dateness of the codes has been put into use.

BDTS - BRS Applications and Hardware Updating: Development and test phases are completed for updating BRS Client Application which provides financial report transmission of financial institutions. The current services were changed with new technologies in development process. It is planned that the new version would be put into service by March 2012. The required software and hardware upgrades would be completed which would accelerate the Cross Control Application which tests consistency of the forms included in BRS.

Participation to National Cyber Security Practice: The studies concerning increasing the security of the Agency's information system were made for the National Cyber Security Practice to which 39 institutions and agencies were participated in total, together with the Scientific and Technological Research Council of Turkey (TUBITAK) National Research Institute of Electronics and Cryptology (UEKAE) and Information and Communication Technologies Authority (ICTA), for increasing awareness against threats that may be exposed due to virtual environment and to provide protection; the project team was defined in the Agency, test servers and applications relating to the said practice were prepared in 2010 and were subjected to test in January and February 2011 by the Scientific and Technological Research Council of Turkey. Within the scope of test results received in the first quarter of 2011, the studies of

improvement and increasing security were made on applications open to public and application servers, road maps were comprised for 2011-2016 period.

The Agency' Intranet Web-site Renewal Studies: While a study was initiated for putting into service of the Agency's personnel by the interactive, user friendly new design of the Agency's intranet web-site, the first version of the new intranet web site shall be introduced in the second quarter of 2012. It is planned to introduce the second version with the specialties to be added thereof, in the third quarter of 2012.

Reuters Services Infrastructure Improvement Studies: While internet based new generation Reuters software was added to the current Reuters infrastructure in 2011 for Reuter's service used in the Agency to be serviced rapidly and faster, the interfaces used in old versions were transferred to the new products.

System Room Uninterrupted Power Supply (IPS) Addition: A new uninterrupted power supply unit was purchased for providing the permanency of the Agency's information systems services in a probable problem to be exposed in the current IPS substructure or power cut confronted in the network and was put into service in the information systems room in Ankara Service Building. The said unit has a capacity to feed all equipments in system room in case of a problem that may arise in the current IPS units, other than power cuts. Feeding the equipments in system room longer is provided thanks to the said IPS, in case of power cut and generator system's not stepping in.

Increasing of Access to Internet and Link Speed Intra-Service Buildings: Due to the fact that services which the applications and services in internet use bigger data volumes day by day and that the current connection rate is inadequate in meeting this requirement, internet access rate is increased in Ankara and Istanbul service buildings. Similarly, the connection rate has doubled the current connection rate in data communication between service buildings of the Agency.

Internet Applications: The official web site of the Agency was visited 1.125.294 times by 426.342 visitors in 2011. The average visiting amount, displaying changes between 80.000 and 105.00 monthly, was realized around 90.000.

Table 2-22: The Most Visited Pages within the Official Web-Site of the Agency

Pages Visited	2010		2011	
	Number	Share% (*)	Number	Share% (*)
Legislation	204.422	25,1	306.635	34,7
Human Resources / Announcements	169.134	20,8	233.770	26,5
Publications and Reports	130.073	16,0	90.171	10,3
Contact Us	86.742	10,6	90.045	10,2
Statistical Data	74.359	9,1	60.887	6,9
Basel 2	39.073	4,8	39.908	4,5
Credit Card Information	29.961	3,7	38.190	4,3
Institutions	80.995	9,9	23.003	2,6

(*) The percentage shares indicate the internal distribution of visiting numbers belonging to the most visited pages.

In 2011, the following activities were continued to be realized: access to independent audit reports relating to banks in official web site of the Agency, filled in banking sector manager expectation survey presented on the internet credit card information in including contractual interest rate in credit card basis (purchase sale and cash), commission ratio, annual wage and other costs, example interest rate calculations and promotion information, “ Daily Banking Sector Report” and “Daily Economic Report” being prepared daily to public and researchers, public web site access statistics with monthly reports including weekly, monthly, quarterly and annual periods.

It is planned to improve studies in respect of demands received from public and personnel of the Agency in 2012.

Data Base Server Upgrade: In the third quarter of 2012 the data base server is planned to be upgraded both in terms of hardware and the version of the software.

2.2.7.2 Training Activities

Within the scope of training activities; career personnel and other personnel of the Agency participated in-service training, domestic courses, seminars and such training activities and foreign training programs to increase their information and skills relating to the duty, to monitor developments in profession and to renew themselves.

A total of 4,591 days of domestic and foreign trainings have been realized in 2011.

Table 2-23: Domestic and Foreign Training Activities

	2010	2011	Change % As to Previous Year	
			2010	2011
Number of Participants	772	1,316	-18.7	70.7
Number of Days	3,709	4,591	-10.4	23.8
Number of Days per Participant	4.8	3.5	10.1	-27.1
Ratio of Number of Participants to Career Personnel	2.1	3.6	-21.1	71.4
Number of Days per Career Personnel	10.1	12.6	-12.9	24.8

When the distribution of training activities as to subjects is observed, it can be seen that training programs are in general banking, information technology, economy, accounting, risk and supervision fields mostly.

Table 2-24: Training Activities by Subject

Subjects	Number of Participants		Number of Days	
	2010	2011	2010	2011
General Banking	253	405	1,694	1,497
Information Technology	118	278	514	795
Economy	47	175	140	663
Accounting	71	56	472	566
Supervision	116	112	467	448
Risk	98	116	296	282
Law	5	86	23	105
Money Laundering	3	14	15	62
Personal Development	37	2	58	16
Other (EU, Legislation, etc.)	24	72	30	157
Total	772	1,316	3,709	4,591

FDIC, BIS and IMF are in the first ranks in courses, conferences and similar training activities arranged concerning professional subjects such as general banking, economy, risk management etc. by international institutions and banking authorities of other countries, in 2011.

Table 2-25: Foreign Training Activities in Abroad by Institutions

Institutions	Number of Days		% Share	
	2010	2011	2010	2011
FDIC	178	196	17.6	22.1
FED	32	26	3.1	2.9
FSI	26	27	2.6	3.1
IMF	144	57	14.2	6.4
WB	2	11	0.2	1.2
ISDB	5	0	0.5	0.0
FSA	2	0	0.2	0.0
OCC	35	35	3.5	4.0
ECB	279	22	27.6	2.5
BIS	62	80	6.1	9.0
Equivalent Authorities	50	66	4.9	7.5
Other	197	365	19.5	41.2
Total	1,012	885	100.0	100.0

In 2011, total of 1,090 in-service training programs were arranged such as primary and preparatory training, preparation to authorization examination relating to intra-agency participants.

20 career personnel have been sent to universities in the USA and Europe for graduate program in banking, finance, economics, business administration, statistics, econometrics, accounting, mathematics, international relations, engineering and law fields by the Agency in 2011 and foreign language support was provided in the country to 44 personnel for developing their foreign language levels.

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

Subjects	Participant		Number of Days		Profile of Participant (*)
	2010	2011	2010	2011	
Primary and Preparatory Training Prog.	16	16	240	192	ASBA-ABS
Bank Analysis and Audit (**)	-	34	-	170	ASBA - ABS
Bank Management Simulation	21	-	42	-	SBA- ASBA -BS- ABS
Basel and Risk Management	70	91	257	211	SBA - ASBA - BS - ABS
Bank and Non Bank Financial Institution Transactions	34	18	510	270	SBA - ASBA - BS - ABS
Software and System Trainings	83	253	295	709	BS - ABS
Bank Accounting/General Accounting	33	53	330	559	SBA - ASBA – BS - ABS
Money Laundering	-	14	-	62	SBA - ASBA - BS - ABS
Stat./Financial Econometrics Concepts	-	46	-	230	SBA - ASBA - BS - ABS
Fortifying Macro/Micro Supervision	-	30	-	60	SBA - ASBA - BS - ABS
Islamic Finance	-	18	-	45	SBA - ASBA - BS - ABS
Derivative Products and Valuation	-	45	-	90	SBA - ASBA - BS - ABS
New Regulations Relating to TCC	-	65	-	65	SBA - ASBA - BS - ABS
Treasury Transactions	-	35	-	71	ASBA - ABS
Analysis of Macroeconomic Indicators	21	147	42	295	SBA - ASBA - BS - ABS
Auth. Exam Preparation Training	-	13	-	130	ASBA - ABS
Personal Development	28	-	56	-	V
Other (***)	243	212	925	547	SBA-ASBA-BS-ABS-V
Total	549	1,090	2,697	3,706	

(*) SBA: Sworn in Bank Auditors, ASBA: Assistant Sworn Bank Auditors, BS: Banking Specialist, ABS: Assistant Banking Specialist, V: Various

(**) Training was given by FED authorities

(***) Programs with subjects such as general banking, economy, law, legislation, etc. arranged by the institutions such as BAT, OECD, CBRT, and advisory companies.

The share of training cost in the Agency's expenditures realized as 5.1% in 2011 by increasing 2 points as to the previous year.

Table 2-27: Training Expenses

(TL Thousand)	2007	2008	2009	2010	2011
Foreign Education Expenses (*)	1,971	2,385	2,237	1,795	3,389
Domestic and Foreign Course Expenditures	516	262	132	228	392
Total Training Expenses	2,487	2,647	2,369	2,022	3,781
Share in Total Expenditures (%)	4.9	4.8	1.5	1.4	5.1
Share in Total Expend. excluding Land Purchase (%) (**)	4.9	4.8	3.9	3.1	5.1

(*) Monthly payments made to personnel in abroad for education are included.

(**) Land Purchasing Expense, for once only, amounting to TL 172.9 million belonging to 2009 and 2010 is excluded.

2.2.7.3 Communication Activities

Within the scope field of duty of the Agency, in order to give information to public and the sector, communication activities continued. Within the scope, press conferences and introductions were made and information related to sector was shared with the public. A total of 39 press releases were made in four groups for informing the public.

Table 2-28: Press Releases by Subject

Subject	2010		2011	
	Unit	%Share	Unit	%Share
Implementations relating to Banks	23	51.1	21	53.8
Publications	20	44.5	11	28.2
Basel 2	1	2.2	4	10.3
Institutional Activities	1	2.2	1	2.6
Other	0	0.0	2	5.1
Total	45	100.0	39	100.0

While information demands relating to regulation and supervision activities of the Agency and the banking sector requested by the media were answered, documents and materials demanded to be used in concerning the Agency were transmitted to media institutions.

Daily Press Bulletin including news, comments and evaluations relating to banking sector and financial markets, prepared by collecting from newspapers, magazines and finance bulletins published in international platform, is being presented to the usage of personnel by the mediation of intranet is also transmitted to the Ministry of State concerned.

Various presentations were made relating to introduce the structure of the Agency and activities with a view to share information in activities such as conferences and symposiums which public Institutions, private sector and universities have arranged.

3. FINANCIAL INFORMATION

3.1 Budget Realization Results

In article 17 of the Law Nr. 5018 on Public Finance Management and Control, it is provisioned that regulatory and supervisory agencies shall prepare their budget based on the three-year budgeting approach, strategic plans and performance targets as well as corporate, functional and economic classification system. The budget of the Agency which was prepared according to Analytical Budget System (ABS) within the scope of provisions of the above mentioned Law and regulations of Ministry of Finance has been accepted by the Grand National Assembly of Turkey and entered into force in line with the "2011 Central Administration Budget Law" Nr. 6091 published in the repeated Official Gazette dated December 31, 2010 Nr. 27802.

Participation shares collected from banks and other institutions under scope of supervision, and predicted to be TL 131.5 million in the budget, has been realized as TL 129.2 million as of end-year. Ratio of participation share incomes within 2011 incomes realized as 94.3%, while the remaining 5.7% consisted largely of interest incomes from term TL deposit and other incomes.

Table 3-1: Income Budget and Realizations

(TL Thousand)	Budget		Realization		Difference (Budget-Realization)	
	2010	2011	2010	2011	2010	2011
Participation Share Incomes	155,500	131,500	152,179	129,248	-3,321	-2,252
Other Incomes	9,500	8,500	3,645	7,831	-5,855	-669
Interest Incomes	9,200	8,200	3,268	7,037	-5,932	-1,163
Income from Sale of Vehicles	0	0	181	0	+181	0
Other Various Incomes	300	300	196	794	-104	494
Total	165,000	140,000	155,824	137,079	-9,176	-2,921

In 2011 budget, it is specified that Agency resources may be used in government securities, FX deposit accounts and TL time deposit accounts. Accordingly, Agency funds were used within the framework of the provisions of Communiqué on Public Treasurership and Board Resolutions dated January 31, 2003 and Nr. 979 and June 16, 2011 and Nr. 4265, and thus TL 7 million of interest income has been obtained in 2011.

On the other hand, TL 73.4 million of 2011 budget allocation of TL 140 million has been spent as of end-year. Within total expense amount, personnel expenses by TL 43 million and goods and service purchases by TL 26.5 million are the items with highest share. Accordingly, of total expense amounts:

- 58.6% consisted of personnel expenses,
- 36.2% consisted of goods and service purchases,
- 3.7% consisted of premiums paid to the Social Security Institution for Agency personnel,
- 1.2% consisted of current transfers,
- 0.3% consisted of capital expenses.

Table 3-2: Allocation and Expense Realizations

(TL Thousand)	Initial Allocation		Available Budget Allocation		Expenses		Remaining	
	2010	2011	2010	2011	2010	2011	2010	2011
Personnel Expenses	42,188	49,328	42,188	49,328	37,991	43,047	4,197	6,281
SSI (*) Premium Exp.	2,643	3,395	2,980	3,395	2,405	2,705	575	690
Goods/Service Purch.	40,704	42,046	40,432	42,045	23,175	26,557	17,257	15,488
Current Transfers	750	517	676	1,163	670	902	6	261
Capital Expenses	3,715	44,714	78,724	44,069	77,518	195	1,206	43,874
Total	90,000	140,000	165,000	140,000	141,759	73,406	23,241	66,594

(*) Social Security Institutions

The most important component of goods and service purchases item in 2011 was the rents paid for service buildings of the Agency. When distribution by allocation type is analyzed, it is seen that the low share of items such as consumer goods and supply purchases, inventory purchases, machinery-equipment and vehicle purchases, travel expenses within total expenses is an indication of the saving policy adopted by the Agency.

On the other hand, domestic and foreign travel expenses in 2011 increased by 10% to TL 1.8 million and the share of these expenses within total expenses of the Agency were realized as 2.4%.

Table 3-3: Travel Expenses

(TL Thousand)	2007	2008	2009	2010	2011
Domestic Travel Expenses (*)	1,596	466	511	797	871
Foreign Travel Expenses (*)	436	419	827	828	914
Total Travel Expenses	2,032	885	1,338	1,625	1,785
Share within Total Expenses (%)	4.0	1.6	0.9	1.1	2.4
Share within total Expenses excluding Land Purchase (%)	4.0	1.6	2.2	2.5	2.4

(*) Includes travel allowances for domestic and foreign duties.

When functional distribution of Agency expenses is analyzed; it is seen that support service activities had the highest share in 2011 by 36%, followed by audit and information management activities by 23% and 8%, respectively.

Table 3-4: 2011 Budget Final Account

(TL Thousand)	Initial Allocation	Available Allocation	Expenses	Remaining Allocation
Private Secretary	7,500	8,741	7,158	1,583
Department of Support Services	69,980	72,052	26,632	45,420
Department of Legal Affairs	4,100	4,364	3,813	551
Department of Audit I	5,350	5,298	4,826	472
Department of Audit II	5,670	5,810	4,987	823
Department of Audit III	5,600	5,287	4,226	1,061
Department of Regulation	2,300	2,440	1,947	493
Department of Enforcement I	2,580	2,607	2,290	317
Department of Enforcement II	1,900	2,041	1,849	192
Department of Strategy Development	15,120	11,319	2,690	8,629
Department of Information Management	11,830	11,508	6,045	5,463
Department of Audit IV	2,600	2,829	2,580	249
Department of Enforcement III	2,070	2,104	1,666	438
Department of Risk Management	2,250	2,323	1,792	531
Department of Foreign Affairs	1,150	1,277	905	372
Total	140,000	140,000	73,406	66,594

3.2 Financial Statements

Total balance-sheet of the Agency grew by 24% as of end-2011 when compared to previous year amounting to TL 394.3 million. The largest share within assets is liquid assets of which almost all constitutes of bank accounts by TL 219.7 million, followed by fixed assets by TL 173.6 million. Commercial receivables realized as TL 588 thousand includes the receivables arising from participation share.

Table 3-5: Summary of Balance-Sheet

Asset (TL thousand)	2010	2011
1. Total Current Assets	143,843	220,629
1.1 Liquid Assets	142,939	219,717
1.2 Commercial Receivables	364	588
1.3 Other Receivables	430	230
1.4 Stocks	94	93
1.5 Other Current Assets	16	1
2. Total Fixed Assets	173,567	173,628
2.1 Tangible Fixed Assets	173,567	173,628
2.1.1- Tangible Fixed Assets (gross)	180,245	180,342
2.1.2- Accumulated Amortizations	-6,677	-6,714
2.2 Intangible Fixed Assets	0	0
2.2.1- Rights	1,910	2,048
2.2.2- Accumulated Amortizations	-1,910	2,048
Total Assets	317,410	394,257
Liability (TL thousand)		

1. Total Short-term Liabilities	1,785	2,180
1.1 Financial Debts	7	6
1.2 Commercial Debts	105	294
1.3 Other Debts	274	170
1.4 Taxes Payable and Other Liabilities	1,399	1,710
2. Total Long-Term Liabilities	129,248	156,202
2.1 Income and Expense Collections Belonging to Future Years	129,248	156,202
3. Total Own-funds	186,377	235,875
3.1 Previous Years Positive Activity Results	179,347	255,075
3.2 Previous Years Negative Activity Results	-83,097	-83,097
3.3 Period Negative Activity Results	489	489
3.4 Period Positive Activity Results	89,638	63,408
Total Liabilities	317,410	394,257

The largest items in liabilities are own-funds by TL 235.9 million and income and expense collections of future years by TL 156.2 million; TL 1.7 million of TL 2.2 million of short-term debt of the Agency indicates the tax debt paid in January 2012 that has accrued during December 2011 period.

Table 3-6: Brief Income Statement

(TL Thousand)	2010	2011
1. Participation Incomes and Others	152,377	129,248
2. Sales Discounts	0	0
3. Net Incomes (1-2)	152,377	129,248
4. Cost of the Sales	0	0
5. Activity Expenses	66,007	73,348
6. Activity Profit or Loss (3-5)	86,370	55,900
7. Ordinary Incomes from Other Activities	3,268	7,508
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
Result of the Period (6 + 7 - 8 - 9 + 10 -11)	89,638	63,408
12. Payments for Land	75,728	0
Remaining Amount	13,910	63,408

Pursuant to provisions in article 78 of the Law Nr. 5018 and article 101 of the Banking Law, the income-expense difference generated by year-end is transferred to Finance Ministry Central Accounting Department in march, and recorded as revenue in General Budget. Pursuant to these provisions and other provisions concerned, TL 63.4 million has been transferred to General Budget in 2011 and total amount transferred to general budget from the Agency budget so far has reached TL 400.8 million.

Table 3-7: Transfers to General Budget

	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
TL Million	70.0	90.4	46.5	40.2	43.9	32.5	0.0	13.9	63.4	400.8
TL Million (2012/02) (*)	132.7	154.0	76.0	59.2	58.5	41.9	0.0	15.0	63.4	600.8
USD Million	53.4	70.2	35.0	28.6	36.0	19.3	0.0	8.8	36.2	287.6

(*) Figures reflect the transfer amounts deflated by Producer Price Index (PPI) as of February 2012.

3.3 Financial Audit of the Agency

In the article 101 of the Banking Law, it is stipulated that Law Nr.5018 on Public Financial Management and Control shall be implemented for external audit of the Agency. Within this scope, Agency's ex-post external audit is conducted by the Turkish Court of Accounts.

On the other hand, internal audit activities initiated in 2011 within the scope of "Principles and Procedures relating to Internal Audit" approved by the Board Resolution dated August 04, 2011, nr.4336, covers defining and managing financial risks that may negatively affect the services, for effective utilization of Agency resources.

4. EVALUATION OF INSTITUTIONAL CAPACITY

4.1 Superiorities

- ⊕ Institutional reliability and reputation which passed the test of economic fluctuations,
- ⊕ Strong and flexible financial structure established by the Banking Law and the other related legislation,
- ⊕ Capability to use the authorities granted by the legislation autonomously,
- ⊕ Risk focused and proactive administrative approach based on strategic plan,
- ⊕ Increasing specialization and efficiency in organization structure,
- ⊕ High quality labor force; efficient combination of experience and young employment,
- ⊕ Information systems based on up-to-date technologies; flexible, efficient and effective technology usage.

4.2 Difficulties

- ⊗ Global and regional economic and political ambiguities,
- ⊗ Necessity for new regulation in the financial markets throughout the world,
- ⊗ Administrative and operational difficulties which may arise within the scope of IFC,
- ⊗ Difficulties encountered in establishing institutional autonomy.

4.3 Evaluation

Proactive administrative approach of the Agency based on strategic planning has been effective in limiting negative results of global economic crisis experienced recently as well as its reflections on Turkish economy, upon banking system and finance sector, also institutional capacity of the Agency passed an important test successfully.

In 2011, performance displayed throughout the sector despite economic developments contributed to institutional reliability and reputation of BRSA. The main driving power of the present situation in respect of the Agency constitutes of autonomy, organizational structure, human resources and technology.

Despite these current superiorities in respect of institutional capability and capacity, difficulties brought by global economic conditions and their effects on Turkish economy remain to be important, while natural disasters and nuclear risks experienced globally as well as recent political and social developments in the region have brought new ambiguities. New regulation approaches to be developed so as to prevent and manage global economic fluctuations implies new difficulties for Turkey as well who is an important actor in the global economy. Another difficulty with respect to the Agency is administrative and operational problems that may arise within the scope of IFC Project. Difficulties encountered in establishing autonomy which is superiority can limit institutional capability and capacity on certain occasions



Annexes

ANNEX 1. Institutions within the scope of the Authority of the Agency (As of December 31, 2011)

Nr.	TYPE / NAME OF THE INSTITUTION
BANKS	
1	İller Bankası
2	İMKB Takas ve Saklama Bankası A.Ş.
3	Türkiye İhracat Kredi Bankası A.Ş.
4	Türkiye Kalkınma Bankası A.Ş.
5	Adabank A.Ş.
6	Birleşik Fon Bankası A.Ş.
7	Aktif Yatırım Bankası A.Ş.
8	Diler Yatırım Bankası A.Ş.
9	GSD Yatırım Bankası A.Ş.
10	Nurol Yatırım Bankası A.Ş.
11	Türkiye Sınai Kalkınma Bankası A.Ş.
12	Bank Pozitif Kredi ve Kalkınma Bankası A.Ş.
13	Credit Agricole Yatırım Bankası Türk A.Ş.
14	Merrill Lynch Yatırım Bank A.Ş.
15	Taib Yatırım Bankası A.Ş.
16	T.C. Ziraat Bankası A.Ş.
17	Türkiye Halk Bankası A.Ş.
18	Türkiye Vakıflar Bankası T.A.O.
19	Akbank T.A.Ş.
20	Alternatifbank A.Ş.
21	Anadolubank A.Ş.
22	Şekerbank T.A.Ş.
23	Tekstil Bankası A.Ş.
24	Turkish Bank A.Ş.
25	Türk Ekonomi Bankası A.Ş.
26	Türkiye Garanti Bankası A.Ş.
27	Türkiye İş Bankası A.Ş.
28	Yapı ve Kredi Bankası A.Ş.
29	Arap Türk Bankası A.Ş.
30	Citibank A.Ş.
31	Denizbank A.Ş.
32	Deutsche Bank A.Ş.
33	Eurobank Tekfen A.Ş.
34	Finansbank A.Ş.
35	HSBC Bank A.Ş.
36	ING Bank A.Ş.
37	Fibabanka A.Ş.

Annex 1: Institutions within the scope of the Authority Field of the Agency

38	Turkland Bank A.Ş.
39	Bank Mellat
40	Habib Bank Limited
41	JP Morgan Chase Bank National Association
42	Societe Generale S.A.
43	The Royal Bank Of Scotland N.V.
44	Westlb A.G.
45	Albaraka Türk Katılım Bankası A.Ş.
46	Asya Katılım Bankası A.Ş.
47	Kuveyt Türk Katılım Bankası A.Ş.
48	Türkiye Finans Katılım Bankası A.Ş.
FINANCIAL LEASING COMPANIES	
1	A&T Finansal Kiralama A.Ş.
2	Ak Finansal Kiralama A.Ş.
3	Alternatif Finansal Kiralama A.Ş.
4	Anadolu Finansal Kiralama A.Ş.
5	Arı Finansal Kiralama A.Ş.
6	BNP Paribas Finansal Kiralama A.Ş.
7	Citilease Finansal Kiralama A.Ş.
8	Deniz Finansal Kiralama A.Ş.
9	EFG Finansal Kiralama A.Ş.
10	Enka Finansal Kiralama A.Ş.
11	FFK Fon Finansal Kiralama A.Ş.
12	Finans Finansal Kiralama A.Ş.
13	Garanti Finansal Kiralama A.Ş.
14	Haliç Finansal Kiralama A.Ş.
15	Halk Finansal Kiralama A.Ş.
16	Harman Finansal Kiralama A.Ş.
17	ING Finansal Kiralama A.Ş.
18	İş Finansal Kiralama A.Ş.
19	Kaynak Finansal Kiralama A.Ş.
20	Kent Finansal Kiralama A.Ş.
21	Mercedes-Benz Finansal Kiralama Türk A.Ş.
22	Pamuk Finansal Kiralama A.Ş.
23	RBS Finansal Kiralama A.Ş.
24	Siemens Finansal Kiralama A.Ş.
25	Şeker Finansal Kiralama A.Ş.
26	Turkish Finansal Kiralama A.Ş.
27	Vakıf Finansal Kiralama A.Ş.
28	VFS Finansal Kiralama A.Ş.
29	Yapı Kredi Finansal Kiralama A.O.

Annex 1: Institutions within the scope of the Authority Field of the Agency

30	Yatırım Finansal Kiralama A.Ş.
31	Ziraat Finansal Kiralama A.Ş.
FACTORING COMPANIES	
1	Acar Factoring A.Ş.
2	ACL Finans Faktoring Hizmetleri A.Ş.
3	Ak Factoring Hizm. Ticaret A.Ş.
4	Akdeniz Faktoring Hizmetleri A.Ş.
5	Akın Faktoring Hizmetleri A.Ş.
6	Anadolu Faktoring Hizmetleri A.Ş.
7	Analiz Faktoring A.Ş.
8	Ar Faktoring Finansal Hizmetler A.Ş.
9	Arena Faktoring Hizmetleri A.Ş.
10	Artı Finans Faktoring Hizmetleri A.Ş.
11	As Faktoring Hizmetleri A.Ş.
12	Atak Faktoring Hizmetleri A.Ş.
13	Atılım Faktoring A.Ş.
14	Başer Faktoring A.Ş.
15	Batı Faktoring Hizmetleri A.Ş.
16	Bayramoğlu Finans Factoring Hizmetleri A.Ş.
17	C Faktoring A.Ş.
18	Creditwest Faktoring Hizmetleri A.Ş.
19	Çağdaş Finans Factoring Hizmetleri A.Ş.
20	Çözüm Finans Faktoring Hizmetleri A.Ş.
21	Değer Faktoring A.Ş.
22	Demir Faktoring A.Ş.
23	Deniz Faktoring A.Ş.
24	Destek Finans Faktoring Hizmetleri A.Ş.
25	Devir Faktoring Hizmetleri A.Ş.
26	Doğa Faktoring Hizmetleri A.Ş.
27	Doğan Faktoring Hizmetleri A.Ş.
28	Eko Faktoring A.Ş.
29	Ekspo Faktoring A.Ş.
30	Eren Finans Faktoring Hizmetleri A.Ş.
31	Erişim Finans Faktoring Hiz. A.Ş.
32	Fiba Faktoring Hizmetleri A.Ş.
33	Finans Faktoring Hizmetleri A.Ş.
34	First Faktoring A.Ş.
35	Fortis Faktoring A.Ş.
36	Garanti Faktoring Hizmetleri A.Ş.
37	Girişim Faktoring A.Ş.
38	Global Faktoring Hizmetleri A.Ş.

Annex 1: Institutions within the scope of the Authority Field of the Agency

39	Güven Finans Faktoring Hizmetleri A.Ş.
40	Hepkon Finans Factoring Hizmetleri A.Ş.
41	Huzur Faktoring Finansal Hizmetler A.Ş.
42	ING Faktoring A.Ş.
43	İş Faktoring Finansman Hizmetleri A.Ş.
44	Kapital Faktoring Hizmetleri A.Ş.
45	Katar Faktoring Finans Hizmetleri A.Ş.
46	Kent Faktoring A.Ş.
47	Kredi Finans Faktoring Hizmetleri A.Ş.
48	Lider Faktoring Hizmetleri A.Ş.
49	Makro Faktoring A.Ş.
50	Merkez Faktoring Hiz. A.Ş.
51	Mert Finans Faktoring Hizmetleri A.Ş.
52	Met-Ay Faktoring Finans Hizmetleri A.Ş.
53	MNG Faktoring Hiz. A.Ş.
54	Optima Faktoring Hizmetleri A.Ş.
55	Pamuk Faktoring A.Ş.
56	Para Finans Factoring Hizmetleri A.Ş.
57	Prime Faktoring Hizmetleri A.Ş.
58	Saray Faktoring A.Ş.
59	Sardes Faktoring Hizmetleri A.Ş.
60	Strateji Faktoring Hizmetleri A.Ş.
61	Sümer Faktoring Hizmetleri A.Ş.
62	Şeker Faktoring Hizmetleri A.Ş.
63	Şirinoğlu Faktoring Finansal Hizmetleri Ticaret A.Ş.
64	TEB Faktoring A.Ş.
65	Tek Faktoring Hizmetleri A.Ş.
66	Tekstil Faktoring Hizmetleri A.Ş.
67	Trend Finans Faktoring Hizmetleri A.Ş.
68	Tuna Faktoring Hizmetleri A.Ş.
69	Turkish Faktoring Hizmetleri A.Ş.
70	Ulusal Faktoring A.Ş.
71	Vakıf Finans Factoring Hizmetleri A.Ş.
72	VDF Faktoring Hizmetleri A.Ş.
73	Yapı Kredi Faktoring A.Ş.
74	Yaşar Faktoring Hizmetleri A.Ş.
75	Yeditepe Faktoring Hizmetleri A.Ş.
FINANCING COMPANIES	
1	Assan Tüketici Finansmanı A.Ş.
2	DD Konut Finansman A.Ş.
3	Finans Tüketici Finansmanı A.Ş.

Annex 1: Institutions within the scope of the Authority Field of the Agency

4	Koç Fiat Kredi Tüketici Finansmanı A.Ş.
5	Koç Tüketici Finansmanı A.Ş.
6	Man Financial Services Tüketici Finansmanı A.Ş.
7	Mercedes Benz Finansman Türk A.Ş.
8	Scania Tüketici Finansmanı A.Ş.
9	Şeker Mortgage Finansman A.Ş.
10	TEB Tüketici Finansman A.Ş.
11	Volkswagen Doğuş Tüketici Finansmanı A.Ş.
12	VFS Finansman A.Ş.
FINANCIAL HOLDING COMPANIES	
1	Koç Finansal Hizmetler A.Ş.
2	Özyol Holding A.Ş.
3	TEB Mali Yatırımlar A.Ş.
INDEPENDENT AUDIT COMPANIES	
1	A-1 Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
2	AC İstanbul Uluslararası Bağımsız Denetim ve SMMM A.Ş.
3	Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
4	Aktan Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
5	Anadolu Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş.
6	Anıl Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
7	Artı Değer Uluslararası Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
8	Ata Uluslararası Bağ. Den.ve SMMM A.Ş.
9	Avrasya Bağımsız Denetim ve YMM A.Ş.
10	Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
11	Başaran Nas Yeminli Mali Müşavirlik A.Ş.
12	Baylan Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
13	Bilgi Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
14	Birleşik Uzmanlar Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
15	Can Uluslararası Bağımsız Denetim ve S.M.M.M. A.Ş.
16	Consulta Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
17	Değer Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
18	Denet Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş.
19	Denge Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş.
20	DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
21	DRT Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
22	Elit Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
23	Engin Bağımsız Denetim ve Serbest Muhasebecilik Mali Müşavirlik A.Ş.
24	Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
25	Gürel Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş.
26	HLB Saygın Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
27	IHY Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.

Annex 1: Institutions within the scope of the Authority Field of the Agency

28	Işık Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
29	İrfan Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
30	Kapital Karden Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
31	Kavram Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
32	MBK Bağımsız Denetim ve SMMM A.Ş.
33	Mercek Bağımsız Denetim ve YMM A.Ş.
34	MGI Bağımsız Denetim ve Danışmanlık A.Ş.
35	MOD Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş.
36	Olgu Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
37	Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
38	Ser&Berker Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
39	Türkerler Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş.
40	Ulusal Bağımsız Denetim ve YMM A.Ş.
41	Uzman Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
42	YKY Bağımsız Denetim ve YMM A.Ş.
REPRESENTATIVE OFFICES OF FOREIGN BANKS	
1	Aareal Bank A.G.
2	ABC International Bank Plc
3	Axion Swiss Bank SA
4	Banca Infrastrutture Innovazione e Sviluppo S.P.A.
5	Banca Monte Dei Paschi di Siena S.P.A.
6	Banco Bilbao Vizcaya Argentaria S.A. (BBVA)
7	Banco Sabadell S.A.
8	Bank Al Habib Limited
9	Bank Julius Baer & Co. Ltd.
10	Bank of China Limited
11	Banque Internationale de Commerce-Bred
12	BNP Paribas S.A.
13	Caja de Ahorros y Pensiones de Barcelona (La Caixa)
14	Citibank N.A
15	Commerzbank A.G.
16	Credit Europe Bank (Suisse) S.A.
17	Credit Europe Bank N.V.
18	Credit Industriel et Commercial
19	Credit Suisse Ag
20	Deg-Deutsche Investitions-und Entwicklungsgesellschaft Mbh
21	Demir-Halk Bank (Nederland) N.V.
22	Doha Bank
23	Dubai Islamic Bank
24	Dz Bank A.G.
25	Euro Hypo A.G.

Annex 1: Institutions within the scope of the Authority Field of the Agency

26	Garantibank International N.V.
27	HSBC Private Bank (Suisse) S.A.
28	ING Bank N.V.
29	Intesa Sanpaolo S.P.A.
30	KFW (Kreditanstalt Für Wiederaufbau) Ipex-Bank GmbH
31	Rabobank International
32	Qinvest LLC
33	Standard Bank Plc
34	Standard Chartered Bank
35	State Bank of India
36	Sumitomo Mitsui Banking Corporation
37	Texnikabank
38	The Bank of New York Mellon
39	The Bank of Nova Scotia Türkiye
40	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
41	The Economy Bank N.V.
42	UBS A.G.
43	Union Bancaire Privée, UBP Sa
44	UPS Capital Business Credit
45	Wells Fargo Bank N.A.
ASSET MANAGEMENT COMPANIES	
1	Anadolu Varlık Yönetim A.Ş.
2	Bebek Varlık Yönetim A.Ş.
3	Efes Varlık Yönetim A.Ş.
4	Final Varlık Yönetim A.Ş.
5	Girişim Varlık Yönetimi A.Ş.
6	LBT Varlık Yönetim A.Ş.
7	RCT Varlık Yönetim A.Ş.
8	Standard Varlık Yönetim A.Ş.
VALUATION INSTITUTIONS	
1	A Artıbir Gayrimenkul Değerleme A.Ş.
2	Abc Gayrimenkul Değ. ve Danışmanlık A.Ş.
3	Ada Taşınmaz Değerleme Danışmanlık A.Ş.
4	Adil Taşınmaz Değ. ve Danışmanlık A.Ş.
5	Adres Gayrimenkul Değ. ve Danış. A.Ş.
6	Aktif Gayrimenkul Değ. ve Danış. A.Ş.
7	Anreva Kurumsal Gayri. Değ.ve Danış. A.Ş.
8	A Pozitif Gayrimenkul Değerleme A.Ş.
9	Artı Gayrimenkul Değerleme ve Danışmanlık A.Ş.
10	Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.
11	Beta Gayrimenkul Değerleme A.Ş.

Annex 1: Institutions within the scope of the Authority Field of the Agency

12	Çınar Taşınmaz Değ. ve Müşavirlik A.Ş.
13	Çizgi Gayrimenkul Değerleme A.Ş.
14	Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş.
15	Donatı Gayrimenkul Değerleme A.Ş.
16	Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş.
17	Ekspertur Gayrimenkul Değ. ve Danış. A.Ş.
18	Elit Gayrimenkul Değerleme A.Ş.
19	Epos Gayrimenkul Danışmanlık ve Değerleme A.Ş.
20	Etik Gayrimenkul Değ. ve Danış. A.Ş.
21	Eva Gayrimenkul Değ. ve Danış. A.Ş.
22	Foreks Gayrimenkul Değ. ve Danış. A.Ş.
23	Form Gayrimenkul Değ. ve Danış. A.Ş.
24	Gerçek Gayrimenkul Değerleme A.Ş.
25	Girişim Gayrimenkul Değerleme A.Ş.
26	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
27	İlke Gayrimenkul Değerleme A.Ş.
28	İstanbul Gayrimenkul Değ. ve Danış. A.Ş.
29	Kent Kurumsal Gayrim. Değ. ve Danış. A.Ş.
30	KL Gayrimenkul Değ. ve Danışmanlık A.Ş.
31	Koza Gayrimenkul Değerleme A.Ş.
32	Lal Gayrimenkul Değ. ve Müşavirlik A.Ş.
33	Lider Gayrimenkul Değerleme A.Ş.
34	Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.
35	Makro Gayrimenkul Değerleme A.Ş.
36	May Gayrimenkul Değ. ve Danışmanlık A.Ş.
37	Monat Gayrimenkul Değ. ve Danış. A.Ş.
38	Net Kurumsal Gayrim. Değ. ve Danış. A.Ş.
39	Platform Gayrimenkul Değerleme ve Danışmanlık A.Ş.
40	Prim E Gayrimenkul Değ. ve Danış. A.Ş.
41	Reel Gayrimenkul Değerleme A.Ş.
42	Respa Gayrimenkul Değ. ve Danış. A.Ş.
43	Seak Gayrimenkul Değerleme A.Ş.
44	Sentez Gayrimenkul Değerleme A.Ş.
45	Som Kurumsal Gayrim. Değ. Hizme. Tic. A.Ş.
46	Tadem Taşınmaz Değerleme Müşavirlik A.Ş.
47	Tgd Gayrimenkul Değerleme A.Ş.
48	TSKB Gayrimenkul Değerleme A.Ş.
49	Tuveo Kurumsal Gayri. Değ. ve Danış. A.Ş.
50	Ulusal Gayrimenkul Değerleme A.Ş.
51	Vakıf Gayrimenkul Değerleme A.Ş.
52	Vektör Gayrimenkul Değerleme A.Ş.

Annex 1: Institutions within the scope of the Authority Field of the Agency

53	Vizyon Taşınmaz Değerleme ve Danışmanlık A.Ş.
54	Yatırım Gayrimenkul Değerleme A.Ş.
55	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
56	Zeugma Gayrimenkul Değ. ve Danış.A.Ş.
RATING INSTITUTIONS	
1	İstanbul Uluslararası Derecelendirme Hizmetleri A.Ş.
2	JCR Avrasya Derecelendirme Hizmetleri A.Ş.
3	Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hiz. A.Ş.
CREDIT REFERENCE INSTITUTIONS	
1	KKB Kredi Kayıt Bürosu A.Ş.
CARD SYSTEM INSTITUTIONS	
1	MasterCard Europa sprl (Representative)
2	Bankalararası Kart Merkezi
3	Visa Europa Services Inc. (Representative)

ANNEX 2. List of BRSA Publications in 2011

Nr.	Title of Publication	Date of Publication
Financial Markets Report		
1	Financial Markets Report (September 2011)	December 2011
2	Financial Markets Report (June 2011)	September 2011
3	Financial Markets Report (March 2011)	June 2011
4	Financial Markets Report (December 2010)	April 2011
Structural Developments in Banking		
1	Structural Developments in Banking Issue nr. 5	July 2011
Journal of BRSA Banking and Financial Markets		
1	Journal of BRSA Banking and Financial Markets Volume 5 Issue 2	July 2011
2	Journal of BRSA Banking and Financial Markets Volume 5 Issue 1	January 2011
Risk Bulletin		
1	Risk Bulletin Issue 12	October 2011
2	Risk Bulletin Issue 11	July 2011
3	Risk Bulletin Issue 10	April 2011
4	Risk Bulletin Issue 9	January 2011
Turkish Banking Sector Exchange Rate Risk Evaluation Report		
1	Turkish Banking Sector FX Risk Evaluation Report Issue 8	September 2011
Turkish Banking Sector General Outlook Report		
1	Turkish Banking Sector General Outlook Issue 4	November 2011
Banking Sector Basel II Progress and Effect Reports		
1	Banking Sector Basel II Progress Report	September 2011
2	Banking Sector Basel II Progress Report	March 2011
3	Basel 2 Third Quantitative Impact Study (QIS-TR3) Evaluation Report	March 2011
BRSA Annual Reports		
1	BRSA Annual Report 2010	March 2011

ANNEX 3. Chairmen and Members in BRSA

Name Surname	Title	Inauguration	Depart. from Office
Chairmen			
Tevfik BİLGİN	Chairman	01/12/2003	Continuing
R. Engin AKÇAKOCA	Chairman	19/03/2001	05/11/2003
Zekeriya TEMİZEL	Chairman	06/04/2000	03/03/2001
Second Chairmen			
Mutalip ÜNAL	Second Chairman	06/10/2009*	Continuing
Ahmet ŞİRİN	Second Chairman	12/08/2003	13/06/2011
İbrahim Halil ÇANAKCI	Second Chairman	11/12/2002	05/05/2003
Ali Vefa ÇELİK	Second Chairman	13/06/2001	07/08/2001
Biltekin ÖZDEMİR	Second Chairman	06/04/2000	13/06/2001
Members			
Can Akın ÇAĞLAR	Member	25/07/2011	Continuing
Selim Servet TAŞDELEN	Member	25/01/2010	Continuing
Mustafa AKIN	Member	16/11/2007	Continuing
Erol BERKTAŞ	Member	14/11/2007	Continuing
Hüseyin AL	Member	28/07/2005	28/07/2011
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
Atilla TAŞDEMİR	Member	13/06/2001	13/06/2003
Ali Akın TARI	Member	13/06/2001	13/06/2003
Ural ŞEKERCİ	Member	06/04/2000	13/06/2001
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

(*) While he was working as the Board Member, he was assigned as the Second Chairman for the remaining period of his membership pursuant to the Cabinet Decree Nr. 2011/2029 published in the official Gazette dated July 17, 2011, Nr. 27997.

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