



BANKING  
REGULATION AND SUPERVISION  
AGENCY

# ANNUAL REPORT







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<b>A.Ş.</b>	Incorporated Company	<b>DP</b>	Default Probability
<b>AREAER</b>	Annual Report on Exchange Rate Arrangements and Exchange Rate Restrictions	<b>EBA</b>	European Banking Authority
<b>BCBS</b>	Basel Committee on Banking Supervision	<b>EC</b>	Emergency Center
<b>BIS</b>	Bank for International Settlements	<b>ECB</b>	European Central Bank
<b>BIST</b>	Borsa Istanbul	<b>EDMS</b>	Electronic Document Management System
<b>BKM</b>	Inter-Bank Card Center	<b>EU</b>	European Union
<b>BRSA</b>	Banking Regulation and Supervision Agency	<b>FARS</b>	Financial Analysis Reporting System
<b>BSCEE</b>	Banking Supervisors from Central and Eastern Europe	<b>FCNGP</b>	Foreign Currency Net General Position
<b>BSEC</b>	Black Sea Economic Cooperation	<b>FDIC</b>	US Federal Deposit Insurance Corporation
<b>CAR</b>	Capital Adequacy Ratio	<b>FED</b>	US Federal Reserve
<b>CBT</b>	Central Bank of Republic of Turkey	<b>FSAP</b>	Financial Sector Assessment Program
<b>CCAR</b>	Comprehensive Capital Analysis and Review	<b>FSB</b>	Financial Stability Board
<b>CMB</b>	Capital Market Board	<b>FSC</b>	Financial Sector Commission
<b>CMF</b>	OECD Committee on Financial Markets	<b>FSC</b>	Financial Stability Committee
<b>COBIT</b>	Control Objectives for Information and Related Technology	<b>FSI</b>	Financial Stability Institute
<b>DA</b>	Default Amount	<b>GATS</b>	General Agreement on Trade in Services
<b>DoCF</b>	Degree of Client Focus	<b>GDP</b>	Gross Domestic Product
		<b>GFSR</b>	Global Financial Stability Report
		<b>IASS</b>	Independent Audit Surveillance System
		<b>ICAAP</b>	Internal Capital Adequacy Assessment Process
		<b>IFC</b>	Istanbul International Financial Center

<b>IFSB</b>	Islamic Financial Services Board	<b>SDIF</b>	Savings Deposit Insurance Fund
<b>IMF</b>	International Monetary Fund	<b>SME</b>	Small and Medium Enterprises
<b>INFE</b>	International Network for Financial Education	<b>SP</b>	Specific Report
<b>IRBA</b>	Internal Ratings Based Approach	<b>SPMS</b>	Strategic Plan Monitoring System
<b>KGK</b>	Public Oversight Accounting and Auditing Standards Authority	<b>SREG</b>	Systemic Risk Evaluation Group
<b>KHK</b>	Decree-Law	<b>SREP</b>	Supervisory Review and Evaluation Process
<b>KKB</b>	Credit Registry Bureau	<b>SWOT</b>	Strengths, Weaknesses, Opportunities, Threats
<b>LGD</b>	Loss Given Default	<b>TBB</b>	Banks Association of Turkey
<b>MASAK</b>	Financial Crimes Investigation Board	<b>TBMM</b>	Turkish Grand National Assembly
<b>MERSİS</b>	Central Registry System	<b>TISA</b>	Trade in Services Agreement
<b>NBFI</b>	Non-Bank Financial Institutions	<b>TKBB</b>	Participation Banks Association of Turkey
<b>NGO</b>	Non-Governmental Organization	<b>TL</b>	Turkish Lira
<b>OCC</b>	US Office of the Comptroller of the Currency	<b>TRNC</b>	Turkish Republic of Northern Cyprus
<b>OECD</b>	Organization for Economic Cooperation and Development	<b>TSPAKB</b>	Association of Capital Market Intermediary Institutions of Turkey
<b>OeNB</b>	Austrian Central Bank	<b>TTSG</b>	Turkish Commercial Registry Gazette
<b>OG</b>	Official Gazette	<b>TÜBİTAK</b>	Turkish Scientific and Technologic Research Institute
<b>POS</b>	Point of Sales	<b>TÜİK</b>	Turkish Statistics Institute
<b>PPS</b>	Private Pension System	<b>UoT</b>	Undersecretariat of Treasury
<b>PRA</b>	UK Prudential Regulatory Authority	<b>USA</b>	United States of America
<b>RAI</b>	Risky Area Identification	<b>VaR</b>	Value at Risk
<b>RFS</b>	Risk-Focused Supervision	<b>WB</b>	World Bank
<b>RoT</b>	Republic of Turkey	<b>WTO</b>	World Trade Organization



PRESIDENT'S  
FOR NEWWORD

**“For our Agency, the year 2013 has been a busy year when the field of duties and mandate expanded, the regulatory and supervisory framework was strengthened with new instruments and approaches, and macro-prudential measures were taken in response to cyclical developments.”**



The institutions falling under the mandate and field of duty of Banking Regulation and Supervision Agency (BRSA) continued with their positive development in 2013. In particular, the conversion rate of deposit to loan has further increased with the effect of rise in commercial and corporate loans, and the asset size in banking sector has exceeded gross domestic product for the first time in history reaching 111% as of end-year.

Furthermore, coverage of the Agency's oversight and supervision mandate for the financial sector, which are critical for financial stability, expanded in 2013. In this framework, through Law No. 6493 on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions, which was enacted in June, the authorization and supervision of payment institutions and electronic money institutions have also been included in the mandate of our Agency.

Following the global crisis, it is observed that international regulation and supervision activities are developing in a setting with greater focus on financial stability. BRSA, which has been maintaining this perspective since its foundation, is making efforts to further strengthen the financial soundness and stability of Turkish banking sector that achieved a high growth performance in a period when the global crisis still affects many economies.

As a member of Financial Stability Committee, our Agency implemented a series of macro-prudential measures in 2013, with a view to keeping systemic risk at the minimum level as well as maintaining and improving the existing resilience of the sector. In this framework, our Agency has introduced arrangements for limiting risk weight and provisioning ratios, maturities, installments and loan/collateral ratios for consumer loans, credit cards, export loans and SME loans.

In the field of regulation and supervision, arrangements have been introduced to strengthen capital qualitatively and quantitatively, primarily including Basel III rules; secondary legislation on financial leasing, factoring and financing companies has been issued; supervision process has been strengthened with new approaches and instruments; and an integrated oversight structure has been created by bringing together oversight activities.

A busy agenda awaits our Agency in 2014, when our country will prepare for the term presidency of G-20. The priority areas of work will include formulation of policies and practices to support sound development of the sector; encouragement of savings and redirection of funds (resources) to productive investments in line with general macroeconomic policies; and design of solution-focused strategies for potential sources of systemic risk.

Our Agency sees annual reports as an effective instrument for transparency and accountability. I hope BRSA 2013 Annual Report, which has been prepared with this understanding, will be useful for all readers, and would like to thank my colleagues for their ardent efforts.

**Mukim Öztekin**  
**President**



POSITION  
OF BRS IN  
FINANCIAL  
SECTOR

## The Agency is of critical importance for Turkish economy in terms of ensuring and maintaining financial stability, streamlining financial intermediation, and contributing to greater productivity and efficiency.

As an agency in charge of regulating and supervising a significant part of financial sector, BRSA is of critical importance for Turkish economy in contributing to greater productivity and efficiency by both ensuring financial stability and streamlining financial intermediation.

Financial system serves as one of the key drivers of economic growth through services such as lending, liquidity supply and risk management. Financial markets fuel up economic activity by bringing together economic units with fund surplus and those with fund deficit. And this fund flow occurs in the form of either direct finance via capital markets or indirect finance via financial intermediaries, primarily including banks.

An efficient financial system and a strong banking sector ensure more efficient lending in an economy, thanks to their economies of specialization, scale and scope. As a matter of fact, financial intermediaries and banks in particular are units specialized in collection, evaluation and oversight of information throughout the lending process.

In addition to this function, the financial sector on the one hand serves the real sector with safe custody

of its funds, and on the other hand contributes to market functioning through liquidity supply. Furthermore, given the contribution of the intermediation role of banking sector in securities exchange to the deepening of this market in Turkey, the banking sector becomes even more important in terms of the function of liquidity supply. Another key function of financial sector and banking sector for all actors in the economy is risk management services. Financial markets pool the risks faced by households and corporate sector, and ensure their more efficient management.

**Approximately 74% of overall financial sector and almost 95% of indirect financing market are covered by the regulation and supervision mandate of the Agency.**

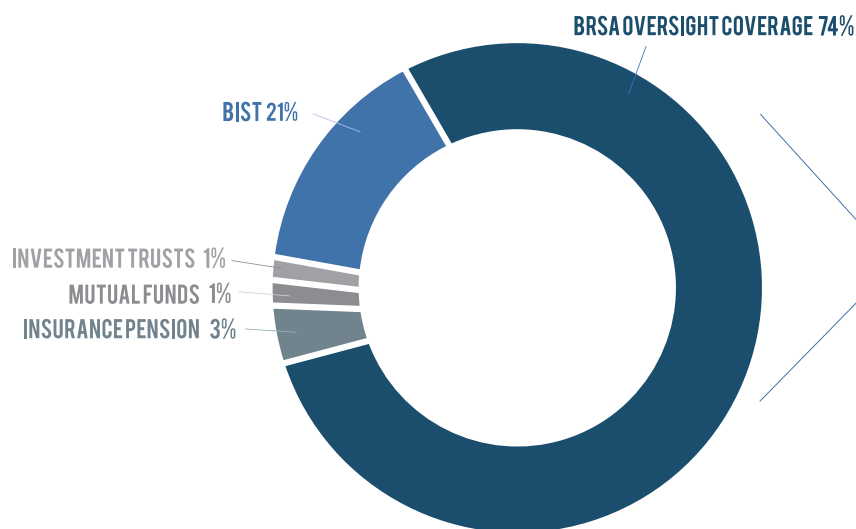
The size of Turkish financial sector reached 2.4 trillion TL (some 1.1 trillion USD), including BIST, in 2013. Some 21% of the total size of financial sector, which has reached approximately 1.5 times the gross domestic product, consists of BIST and direct finance, and the remaining

79% consists of financial intermediation and indirect finance. The share of Turkish banking system in financial system has reached 71%, and its ratio to GDP has reached 111%. This more clearly demonstrates the significance of financial intermediation function for the performance and stability of Turkish economy.

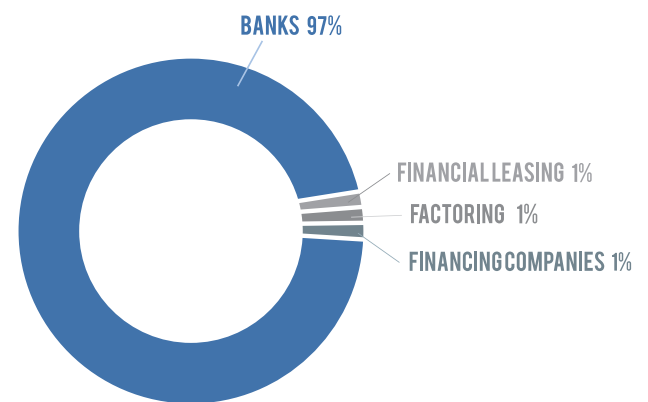
In 2013, the shares of financial leasing companies, factoring companies, financing companies and asset management companies, which fall under the oversight and supervision mandate of the Agency, in the financial sector were 1.1%, 0.8%, 0.6%, and 0.1%, respectively. As for financial intermediation or indirect finance, the share

of banking sector was approximately 91%, and the share of non-bank financial institutions was approximately 3.5%. Approximately 74% of overall financial sector and almost 95% of indirect financing market are covered by the regulation and supervision mandate of the Agency.

### Position of Institutions Subject to BRSA Oversight in the Financial Sector



### BRSA Oversight Coverage





MILESTONES

1999 2000 2001 2002 2003

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Banks Law No. 4389 published.

Banking Regulation and Supervision Agency became operational.

Banking Sector Restructuring Program launched.

The sector's capital structure has been strengthened within Bank Capital Strengthening Program.

Savings Deposit Insurance Fund, represented and administered by the Agency, became a separate legal entity through Law No. 5020.

2005

Banking Law No. 5411 enacted.

- Regulation and supervision mandate of the Agency expanded to cover financial holding companies, financial leasing, factoring and financing companies as well.

2006

Bank Cards and Credit Cards Law No. 5464 enacted.

- Secondary legislation required by Law No. 5411 published.

- Financial Sector Assessment Program (FSAP-Turkey) implemented.

- Risk-Focused Supervision system adopted for banks.

2009

BRSA became a member of Basel Committee on Banking Supervision (BCBS), representing our country.

2012

Shift to Basel II.

- Financial Leasing, Factoring and Financing Companies Law No. 6361 enacted.

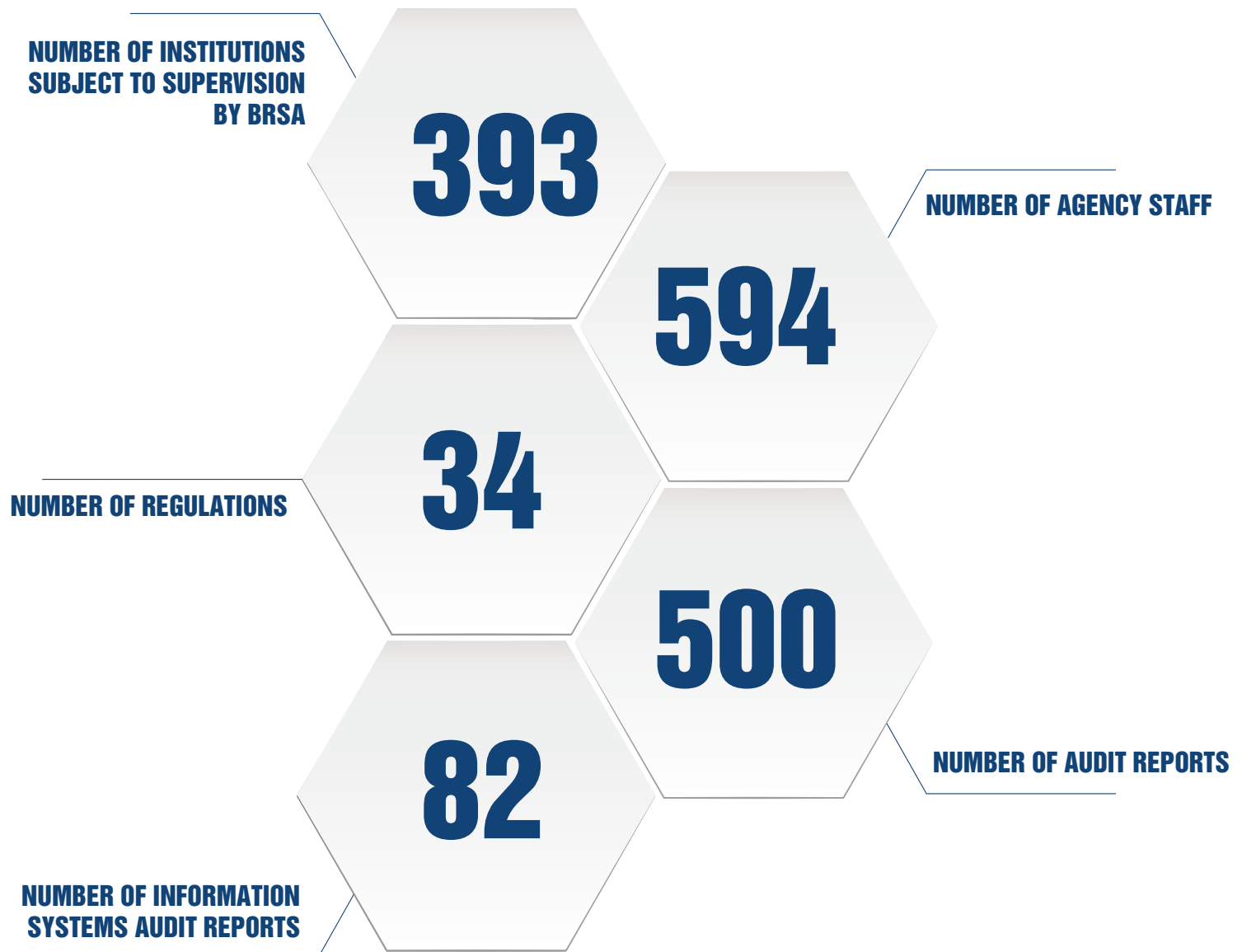
2013

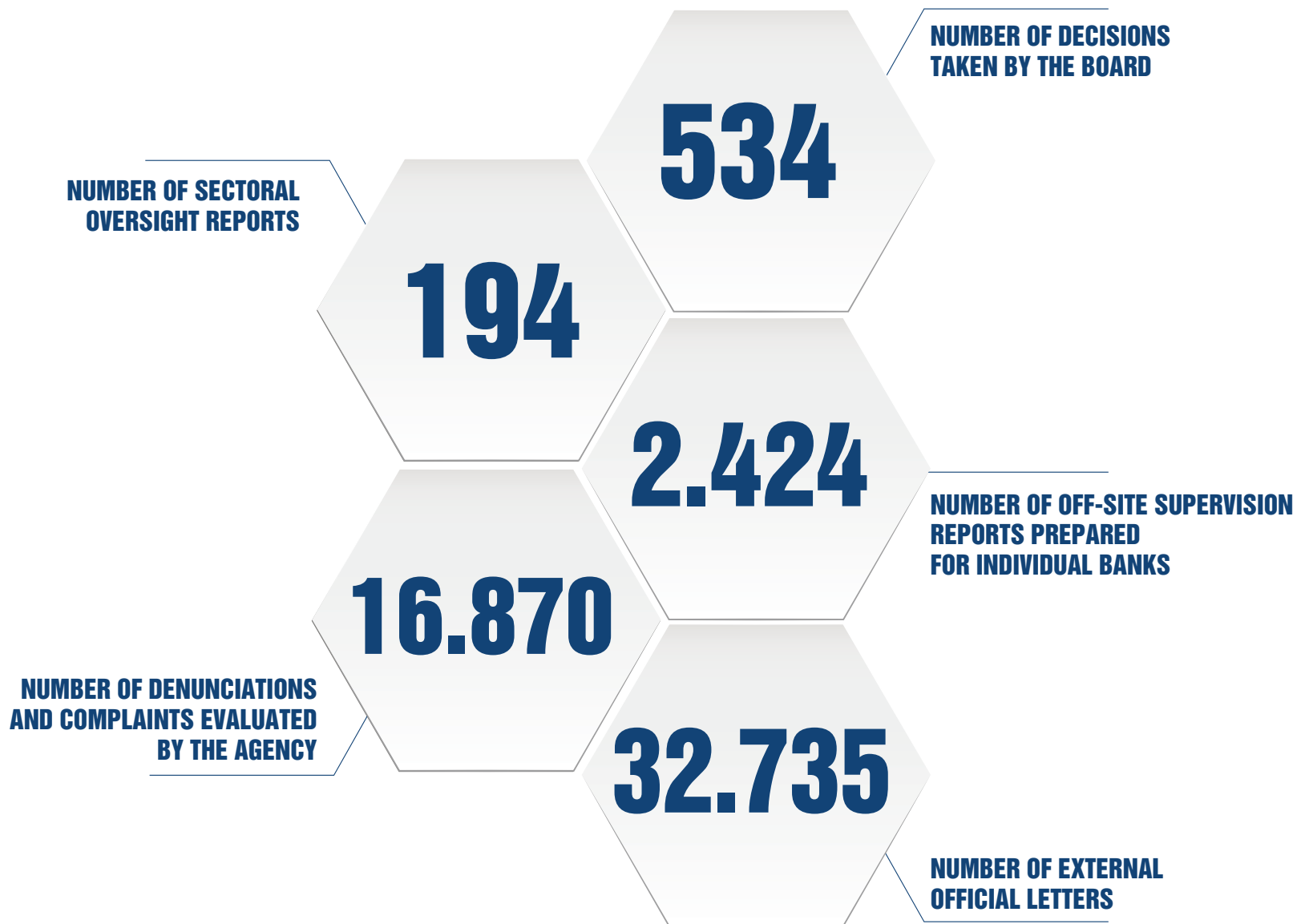
Asset size of Turkish banking sector exceeded GDP for the first time in history.

- Through Law No. 6493 on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions, the authorization and supervision of payment institutions and electronic money institutions have been included under the mandate of the Agency.



BRSA IN 2013  
BY FIGURES







MISSION,  
VISION &  
BASIC VALUES

“To ensure that the institutions subject to its supervision perform their operations in a safe and sound manner, that the credit system functions efficiently, that the rights and interests of savers are safeguarded, and thus contribute to the development of financial markets as well as financial stability.”

# MISSION

# VISION

“To become a model authority that undertakes regulation, supervision and risk management functions for financial markets, institutions and consumers at international standards, in line with national needs and requirements.”

## INDEPENDENCE

The Agency's activities shall be performed by observing public interest, in an equal, fair, consistent and predictable manner for all related parties, while ensuring transparency and accountability.

The Agency does not receive instructions from any authority in performing its duties and exercising its powers, freely uses the resources allocated thereto in line with the principles and procedures stipulated in its budget, and its decisions are not subject to expediency control.

## PRUDENCE

The Agency shall perform its activities in a timely manner, on the basis of benefit/cost approach, with focus on risk and quality.

The Agency shall use the regulation and policy instruments available to it in compliance with cyclical developments in the economy, such that the institutions subject to supervision by the Agency can safely and soundly perform their operations, and shall take measures as necessary.

## PARTICIPATION

The Agency shall be equipped with internationally recognized standards on professional qualifications, knowledge and skills to perform its activities.

The Agency shall execute its activities in active cooperation and collaboration with related national and international agencies and organizations, and by taking into consideration the comments and suggestions of these organizations.

## RESPONSIVENESS

The Agency shall respond to the requests, suggestions and complaints, which have to be addressed pursuant to the applicable legislation, in a timely and efficient manner, and take due regulatory and supervisory action as necessary.

## RELIABILITY

## EFFICIENCY

## COMPETENCE



# ORGANIZATIONAL STRUCTURE

## The Agency has a horizontal organizational structure that features specialization so that activities can be performed in efficiently and rapidly.

The Agency was established as a public legal entity with administrative and financial authority by the annulled Banks Law No. 4389 published in the Official Gazette no. 23734 dated 23 June 1999, in line with the policies for increasing the efficiency of supervision and oversight system and establishing independent decision-making mechanisms in financial markets. It was further strengthened in terms of independence, efficiency, scope and capacity through Banking Law No. 5411, published in the repeated issue of Official Gazette no. 25983 dated 01 November 2005.

Pursuant to the related provisions of Banking Law, as amended by Law No. 6111 published in the repeated issue of Official Gazette no. 27857 dated 25 February 2011, it has been provided that the Agency shall be headquartered in Istanbul, but the administrative headquarter shall remain in Ankara until the completion of relocation work and procedures.

The existing organizational structure of the Agency is governed by Banking Law No. 5411 and “Regulation on the Organization of Banking Regulation and Supervision Agency”, which has been put into force through Council of Ministers Decree no. 2005/9859,

published in the Official Gazette no. 26040 dated 31 December 2005\*.

The Agency consists of the Banking Regulation and Supervision Board (Board) and the Presidency Organization. The Board is the decision-making organ of the Agency and consists of seven members including the chairman and vice chairman. Board chairman is at the same time the president of the Agency. Presidency Organization consists of president, vice presidents and service units. Service units of the Agency consist of main service, advisory and auxiliary service units organized as departments. Maximum fifteen presidency advisors may be appointed in areas such as law, press and public relations, management and finance.

### **In 2013, the Agency’s organizational structure was revised and its service units were reorganized in response to evolving conditions and emerging needs.**

The organizational structure can be revised with a dynamic perspective to respond to evolving conditions, and necessary modifications can be introduced to increase its efficiency. In this direction, Department of Access to Information\*\* was established in 2013, to increase efficiency in protection of financial consumers and introduce lasting solutions for the problems of financial consumers. Furthermore, through amendment of Banking Law

\* During the preparatory process for publication of Annual Report, the referred Regulation was annulled by “Regulation on the Organization of Banking Regulation and Supervision Agency”, published in the Official Gazette no. 28943 dated 16 March 2014.

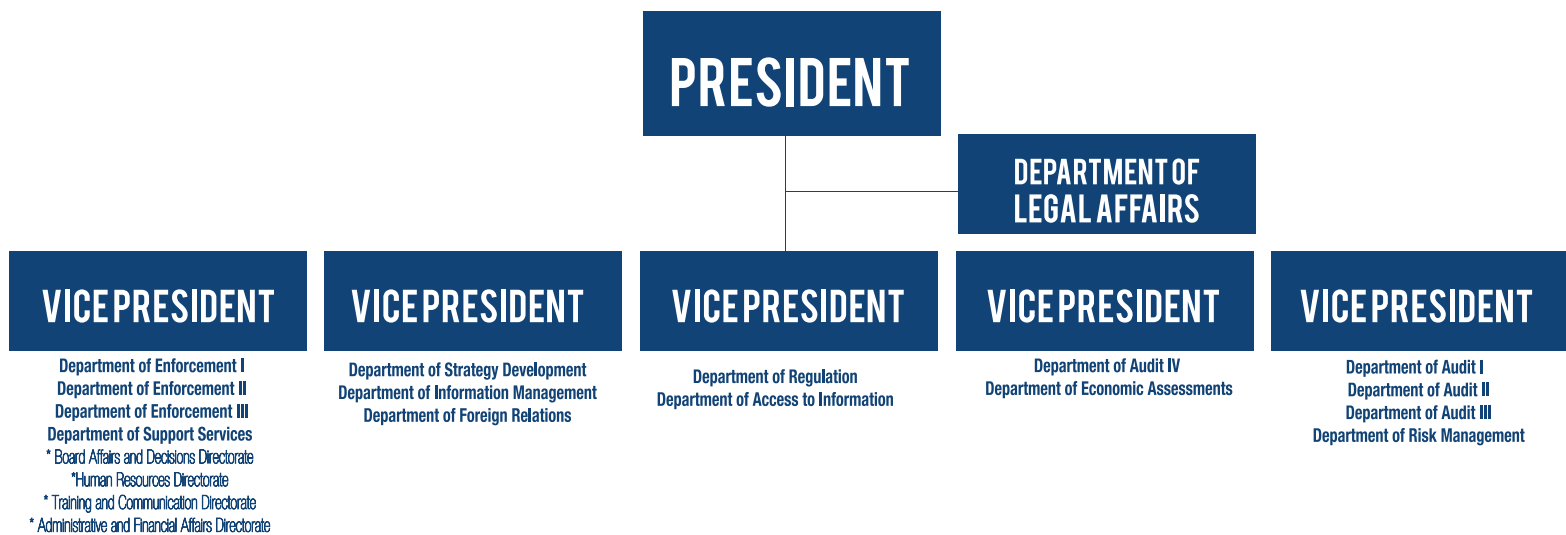
\*\* Through “Regulation on the Organization of Banking Regulation and Supervision Agency”, published in the Official Gazette no. 28943 dated 16 March 2014, Department of Access to Information has been re-named as Department of Financial Consumer Relations.

by Law No. 6693 dated 20 June 2013, the number of vice presidents has been increased to five from three, and it has been provided that up to twenty departments may be established by the Board with the approval of related Minister.

In this framework, pursuant to Article 91 of Banking Law, Department of Economic Assessments was established to closely and regularly follow up and evaluate national and international financial and economic developments and report them to the Agency’s senior management. As of end-2013, there are sixteen departments within the Agency, and four directorates dealing with board and decision affairs, human

resources, training and communication, as well as administrative and financial affairs under the Department of Support Services\*.

There are audit groups under audit departments, and audit teams working on individual institutions within these audit groups. In addition, it is possible to set up mixed teams to deal exclusively with audit of information systems or legal issues, or as deemed necessary upon the President’s approval, mixed teams from professional staff of audit and other departments, to work on matters such as audits, reviews, investigations, audit of project and/or risk models, review of risk analyses, banking, and accounting standards.



\* The Agency’s activities in 2013 were performed by units indicated in the chart above. However, the new organizational structure introduced by “Regulation on the Organization of Banking Regulation and Supervision Agency”, published in the Official Gazette no. 28943 dated 16 March 2014, is presented in Annex1 to correctly and completely inform the public, although it is a modification that took place in 2014.



BANKING  
REGULATION  
AND SUPERVISION  
BOARD



**S. Servet TAŞDELEN**  
Board Member

**Mukim ÖZTEKİN**  
Chairman

**Haluk TÖZÜM**  
Board Member



**Olcay TURAN**  
Board Member

**Muhiddin GÜLAL**  
Board Member

**Mutalip ÜNAL**  
Vice Chairman

**Can Akın ÇAĞLAR**  
Board Member

## The Board consists of seven members appointed by the Council of Ministers, including one chairman and one vice chairman.

Chairman is at the same time the President of the Agency. Except for certain cases stipulated in the Law, Board members cannot be removed from office for any reason before expiry of their term of office, and they can be re-appointed once after their term expires.

To qualify as a Board member, one must have minimum bachelor's degree in law, economics, finance, banking, business administration, public administration and equivalent disciplines; whereas those with a bachelor's degree in engineering disciplines are required to have a master's degree in specified disciplines. In addition, they are required to have minimum 10 years of experience in the above-mentioned fields after higher education or have worked as teaching staff in the abovementioned fields for minimum 10 years. At least one of the members must be a graduate of faculty of law, and at least one member must have worked in the Agency as vice president, main service unit manager or career personnel.

As the decision-making organ of the Agency, the Board convenes at least once a week and as necessary. Board meetings are chaired by the chairman, or by vice chairman in his/her absence. Agenda of meeting is determined by the chairman, or by vice chairman in his/her absence, and notified to Board

members at least one day before the meeting. The Board convenes in the presence of minimum five members, and takes decisions with affirmative votes of minimum four members, except for specific cases requiring special quorum as stipulated in the Law.

Members cannot cast abstentious votes. In cases where decision quorum cannot be attained and votes equal in subsequent meetings, the vote of

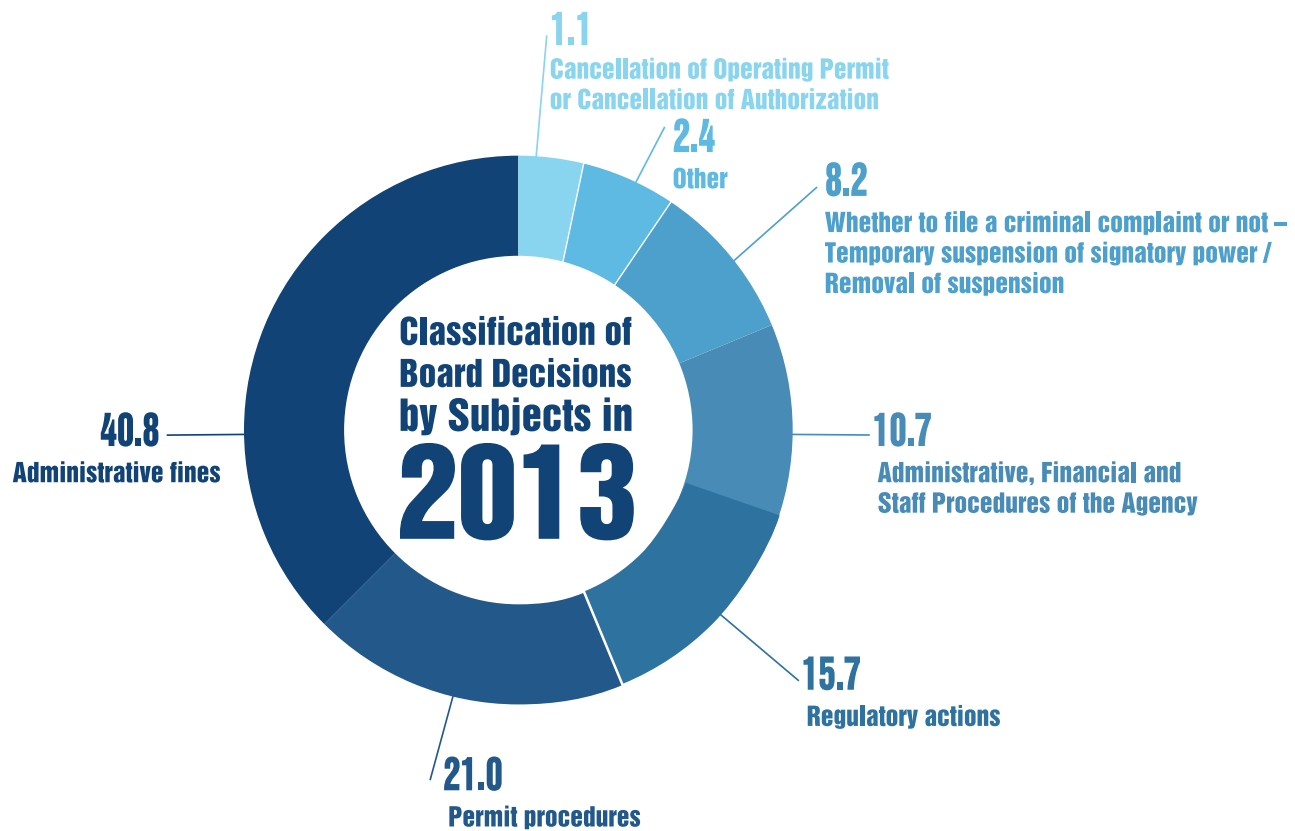
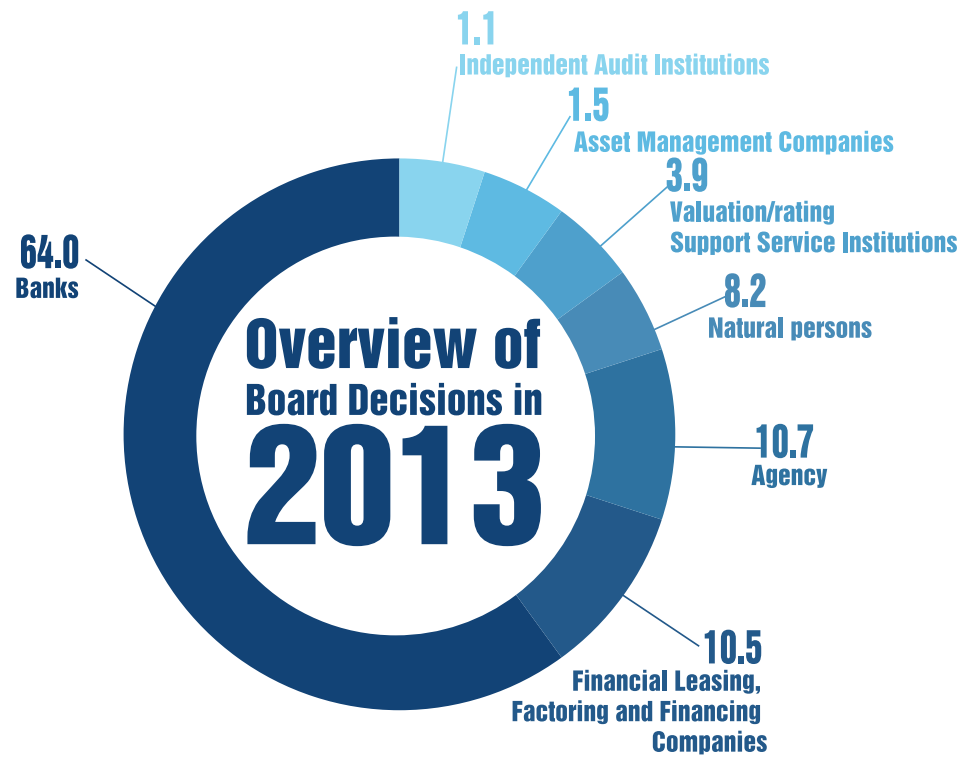
Chairman is determining for the decision. Without prejudice to periods stipulated in the Law, Board decisions mature within maximum fifteen days from the meeting date, together with its justifications, rationale for objecting votes and signatures.

Multiple issues may be addressed in Board decisions. For

instance, a decision on imposing administrative sanctions on a practice violating the legislation may at the same time specify whether any amendment is needed in the legislation on the same subject. Likewise, a decision may both rule for filing a criminal complaint and temporarily suspending the signatory powers of the related bank officials.

Overall, 64% of Board decisions in 2013 relate to banks. As for the distribution of Board decisions by subjects, decisions on administrative fines rank first with 40.8%, followed by decisions on permit procedures with 21%.

### The Board held 51 meetings in 2013 and took a total of 534 decisions focusing on administrative sanctions, permit procedures and regulatory actions for the sector.





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HIGHLIGHTS  
FROM ACTIVITIES  
IN 2013

## The Agency's strategic plan setting out the objectives, goals and strategies for the period 2013-2015 has been put into force.

The Agency views strategic planning as one of the key instruments in efficiently performing its functions. Third Strategic Plan covering the period 2013-2015 has been prepared in the light of the needs of the Agency and sector as well as comments and suggestions of related parties. Objectives, goals and strategies have been established on the basis of strategic areas identified through evaluation meetings participated by senior management as well as stakeholder analyses. The finalized BRSA Strategic Plan (2013-2015) was adopted through Board Decision no. 5360 dated 30 May 2013, and shared with the public.

The Strategic Plan 2013-2015 includes the key strategic objectives of improving institutional capacity; strengthening the regulation, supervision and enforcement framework; boosting confidence, stability and competitiveness in financial markets; and raising awareness among financial consumers and protecting them at the maximum level.

The activities envisaged in the Strategic Plan define the steps required to achieve the Agency's mission and provide guidance for budgeting and resource allocation in line with established priorities. Looking ahead, the primary agenda items of the Agency will include regulatory, supervisory and enforcement activities in relation to Basel II Second Pillar, Basel III

standards, innovations in financial products and information technologies, global approaches to systemic risk management, protection of financial consumers and global reflections of the economic and financial system.

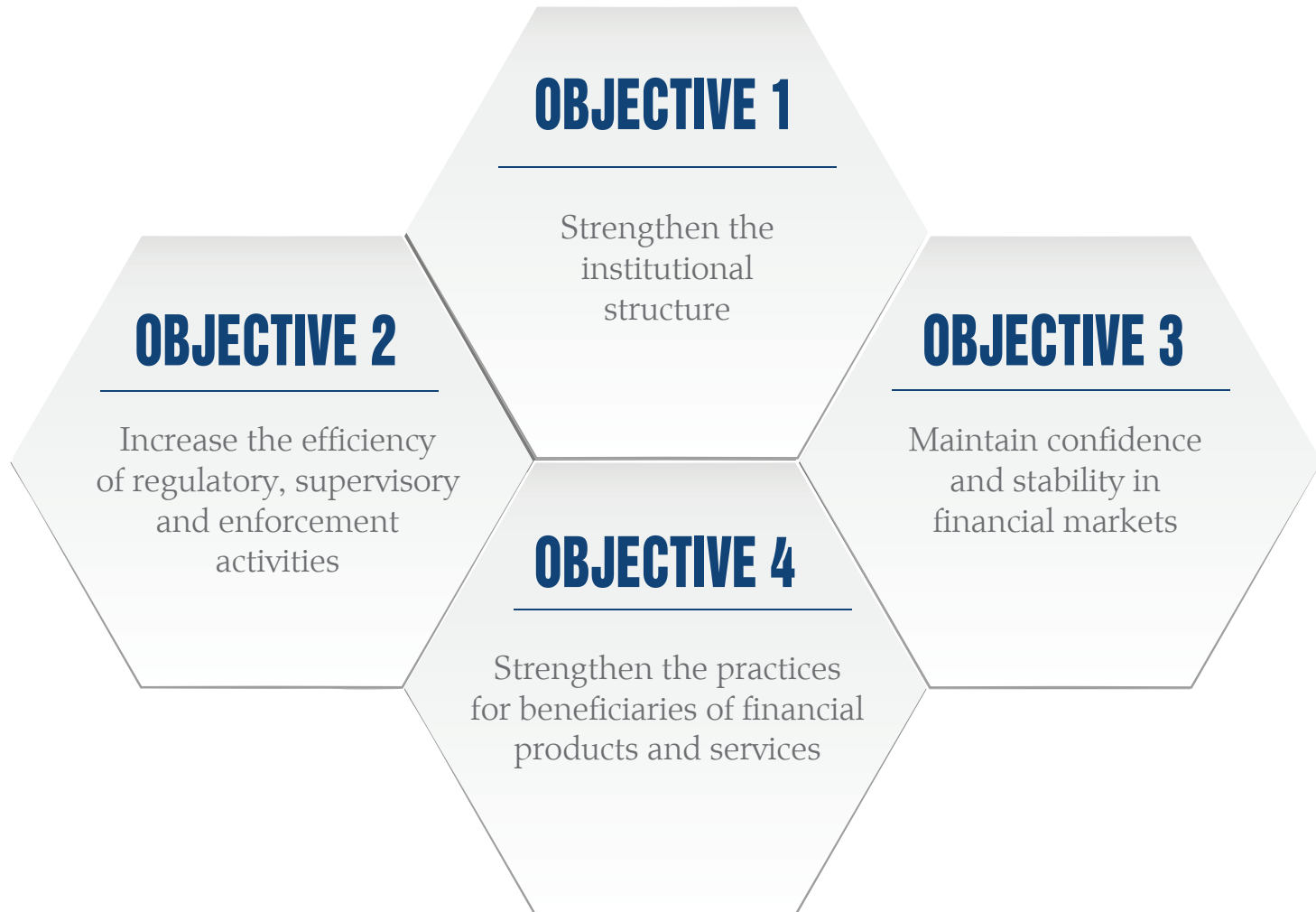
The Agency will continuously and efficiently monitor development and success of its efforts under the Third Strategic Plan, in the light of strategic objectives and goals, and the activities carried out

**Priority areas have been established as improving institutional capacity; strengthening the regulatory framework; boosting confidence in financial markets; raising awareness among financial consumers and protecting them at the maximum level.**

will be shared with the public transparently. In this framework, "Strategic Plan Monitoring System (SPMS)" has been created to efficiently and transparently monitor and evaluate the implementation results of strategic plan. As part of SPMS, service units are required to electronically report, on a quarterly basis, the developments, activities executed, problems encountered and suggestions for solution in relation to the strategies they

coordinate/are responsible for. In order to inform the senior management of the Agency, evaluate the need for revising the strategic plan, develop suggestions for improving and streamlining management services and provide a key database for next strategic plan preparation studies, the "Strategic Plan Performance Monitoring Report" will be prepared biannually based on the information obtained under SPMS.

## Strategic Goals of the Agency



## The issue of protecting financial consumers, which is very critical for financial stability, constitutes a key agenda item of the Agency in line with international trends.

Protection of financial consumers implies facilitating the practices for securing an equal and fair economic environment between financial institutions and financial consumers. For protecting financial consumers, it is important to raise the level of awareness among financial consumers together with the regulatory and supervisory actions to be taken for improving practices towards financial consumers and preventing violations of right.

Protection of financial consumers, which constitutes an instrument for maintaining stability in financial markets, contributes to stability, efficiency and development of financial sector, and thus plays a determining role in overall economic performance, by raising the confidence of the beneficiaries of financial products and services, primarily including savers and investors, in the system. Protection of financial consumers is getting increasingly more important. As a consequence of globalization and technologic advancements, social, structural and economic changes that scale up the participation of consumers in financial markets are being observed. As a result of increasing information asymmetry, product diversity, and complication of product and service contracts in financial markets, financial consumers cannot correctly analyze their transactions and do not have the opportunity for fair negotiation while concluding contracts. The global economic crisis, which started in 2008 and the effects of which still prevail, has demonstrated that the existing structure, methods and instruments are

**One of the priority goals of the Agency is to ensure that consumers fairly benefit financial services and are equally treated.**

not sufficient for stable financial systems and that financial consumers also affect the financial system as effective actors and parties.

In Turkey, the concept of protecting financial consumers emerged in 1990s. The fact that financial system depth and product diversity in our country have remained below international levels for many years, that the banking sector has focused on financing government debts rather than funding the

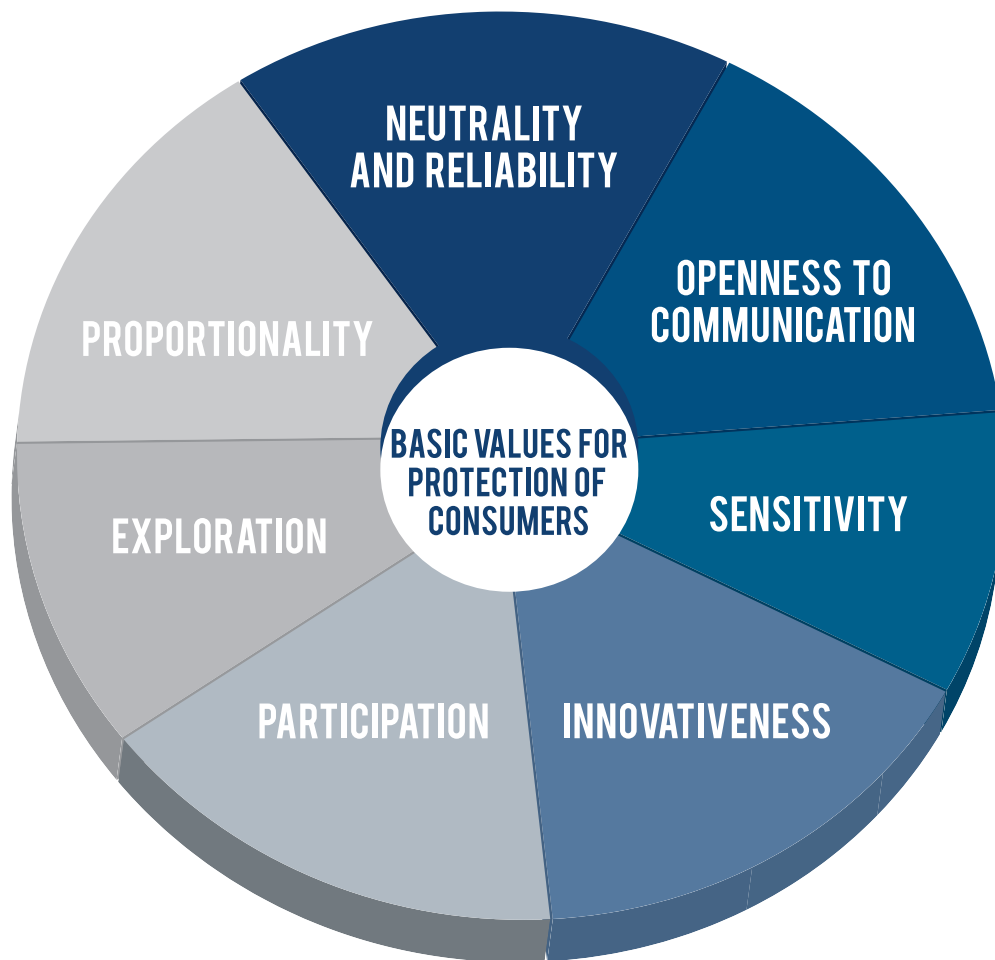
private sector, and the intermittent crises have led to the degradation of the concept of protecting financial consumers largely to deposit insurance.

Law No. 4077 on Protection of Consumers, which was enacted in 1995, has addressed the key deficiencies in this field with its provisions concerning consumer loans and subsequent amendments intended to cover credit cards and housing finance contracts as well. And most recently, Law No. 6502 on Protection of Consumers, which contains more detailed provisions about protection of financial consumers, was adopted in 2013. This Law will take effect on 28 May 2014 and is expected to decrease the grievances suffered by financial consumers.

The Agency wants to more strongly fulfill its responsibilities concerning the protection of financial consumers, within the framework of its mandate. To this end, Department of Access to Information was established to increase efficiency in protection of financial consumers and produce lasting solutions for the problems of financial consumers.\*

\* Through "Regulation on the Organization of Banking Regulation and Supervision Agency", published in the Official Gazette no. 28943 dated 16 March 2014, Department of Access to Information has been re-named as Department of Financial Consumer Relations.

## Basic Values of the Agency concerning Protection of Consumers



- **NEUTRALITY AND RELIABILITY**  
Standing at equal distance to financial consumers and financial institutions, and maintaining a neutral and fair approach in practice.
- **OPENNESS TO COMMUNICATION**  
Keeping and using all types of communication channels, recognizing the personal, cultural and socioeconomic differences of citizens.
- **SENSITIVITY**  
Showing necessary sensitivity to the problems encountered by financial consumers, and taking measures and setting standards for addressing these problems.
- **INNOVATIVENESS**  
Following up and applying the new products, practices, ideas and international standards in financial markets.
- **PARTICIPATION**  
Undertaking joint activities with other public agencies and institutions, NGOs and all related parties, and/or supporting such activities.
- **EXPLORATION**  
Reviewing the literature, practices in other countries and international formations, and performing evaluations, regulations and enforcement based on information and data.
- **PROPORTIONALITY**  
Imposing proportionate sanctions on parties acting in violation of related legislation, while not inflicting undue burden on financial institutions and financial consumers.

The Department of Access to Information evaluates the complaints and applications filed with the Agency concerning the individual products and services provided by institutions subject to supervision and oversight by the Agency, and concludes such complaints with inspection reports. The Department also takes macro measures against misleading or abusive actions, in order to ensure a fair, transparent and competitive environment for financial products and services. Department of Access to Financial Services is introducing electronic complaint system

and communication center services so that financial consumers can file their complaints and applications easily and fast. Financial institutions are required to set up systems to respond to complaints within a certain period of time, together with justifications. Furthermore, regulatory work is being carried out for establishing the monetary elements other than interest collectable by financial institutions, in order to prevent the transactions which are commonly applied by financial institutions, resulting in grievances for consumers.

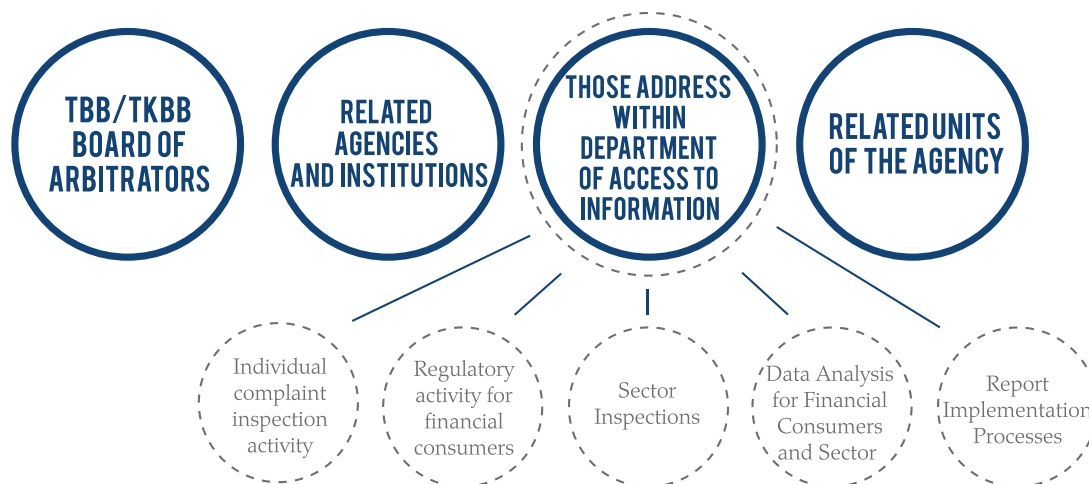
The complaints and applications filed with the Agency via various channels are first reviewed by the Preliminary Evaluation Group established under the Department of Access to Information. If any violation of the regulations of the Agency is determined as a result of this preliminary evaluation, the professional staff of Department of Access to Information conducts

an inspection. Of the complaints or applications, those involving an alleged violation of a contract between the parties are referred to the board of arbitrators established under TBB/TKBB, and those found to be concerning other public agencies and institutions or other departments of the Agency are referred to respective institutions or departments, as applicable.

## COMPLAINTS FILED WITH THE AGENCY



## PRELIMINARY EVALUATION BY DEPARTMENT OF ACCESS TO INFORMATION



## Turkish financial sector continued attracting the interest of foreign investors in 2013.

Since its foundation, the Agency has strengthened stability in the sector with its supervision and enforcement activities at international standards. In particular, the regulations issued by the Agency during periods of vulnerability and the enforcement activities executed to ensure compliance of sector with these regulations has further reinforced confidence in the sustainability of stability in the financial system.

Capital groups which want to enter the financial sector in our country and have the required qualitative and quantitative capacity take into consideration certain factors that reflect the strengths and opportunities in the sector. These factors primarily include the growth potential of Turkish economy and the convergence of financial system with equivalent economies in terms of scale and depth. The sector is capable of adapting to technologic advancements at the highest level. There is a high level of competition in the sector, and financial inclusion, access and banking rates tend to rise. Our country has a relatively young demographic structure. Market segments like participation banking SME banking and micro credit are still in development stage. All these factors keep the demand for new entries to the sector vivid. In particular, financial stability is stronger relative to the countries at the heart of crisis, and the sector is observed to have performed its intermediation function efficiently during and after the global crisis. As a matter of fact, Turkish financial sector continued attracting the interest of foreign investors in 2013

### **New entries into Turkish banking sector demonstrate the confidence in Turkish banking sector that has successfully weathered the global financial crisis.**

and has staged new bank establishments as well as branch and representation office openings. In this framework, in 2013, an operating permit was issued for Bank of Tokyo Mitsubishi UFJ Turkey A.Ş., for which establishment permit was issued in the previous year; an establishment permit was issued for Intesa Sanpaolo S.p.A, based in Italy, to open its first branch in Turkey; and Rabobank International Holding B.V., based in the Netherlands, was allowed to establish a deposit bank as the principal equity holder and founding partner, with an equity of 300 million USD.

Besides other factors that make the sector attractive, efforts for creating a regional financial center in the short term and an international financial center in the long term continue with Istanbul Financial Center Project (İFM). Through this project, which would further strengthen the

integrated structure of the sector with international financial system, financial product diversity and financial deepening are expected to increase. Istanbul Financial Center Project is expected to play a key role in directing international interest in the field of participation banking towards Turkey in the near future.

For reasons outlined above, it is anticipated that the demand for new entries into the sector by banks and non-bank financial institutions, including financial leasing, factoring and financing companies, will continue and in this direction the foreign capital will have greater interest in the sector.

**In order to increase access to financial services, protect financial consumers and ensure that they conceive their rights, efforts are underway for raising their awareness through training activities and thus enabling them to make conscious choices.**

The concepts of access to services by financial consumers, their training and protection are often handled together in literature, as they are parallel and interlinked subjects. Financial education contributes to boosting the stability of individuals, families and society. At the same time, closer knowledge of financial services by consumers raises the tendency for savings as well as level of welfare. Only a limited rate of population has extensive knowledge about the nature and use of financial services in Turkey.

Making savings, managing funds and creating a sound personal financial structure still remains to be a big challenge for many people. The lack of basic financial awareness prevents individuals from properly evaluating and tapping the opportunities available to them and taking safe and pertinent steps when the time comes. Furthermore, serious problems are faced particularly

during economic recession and crisis times, and groups with high debts, little assets and low income are negatively affected from these developments, eventually becoming insolvent.

In order to solve these problems, the society must be educated about financial services, update such educational programs according to evolving market conditions and raise conscious generations.

Financial education activities are intended to raise awareness among individuals about financial planning, financial investment and financial savings and thus help them benefit from financial services.

This need has become more apparent in recent years in the face of the development of complex financial products. Expansion of banking sector and financial markets requires financial consumers to make assessments and decisions on a broader range of options.

**To establish a balance between the income and expenditure of financial consumers, importance is attached to projects aimed at raising awareness on financial planning, financial investment and financing savings.**

Cooperation among all components of the society is of critical importance for the success of financial education. Contribution of financial institutions to financial education, besides professional associations, non-governmental organizations, public institutions and regulatory authorities, would raise the chance of success. On the

other hand, the presence of a large group that has never entered the financial system is a factor that may negatively affect the chance for success of this education. Individuals in this group have difficulties in understanding financial products, find the prices and commission charges for financial services high, and do not prefer going to and waiting at banks. Including this group of population in the financial system requires a distinct effort.

## Awareness Raising among Financial Consumers

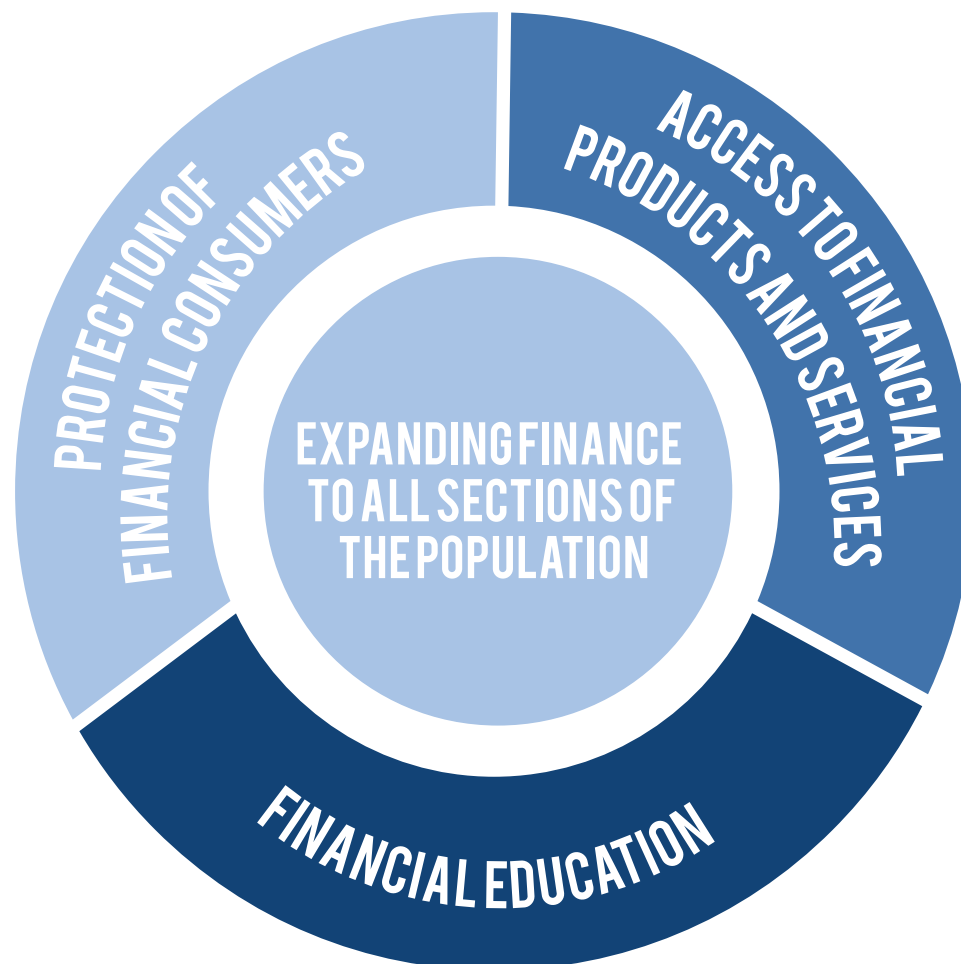


International organizations like OECD/INFE (International Network on Financial Education), IMF and World Bank have undertaken a leading role regarding financial education in terms of policy making and coordination. OECD/INFE conducted a pilot survey to correctly measure financial literacy levels of individuals in 14 countries with different

characteristics, including Turkey, in 2012. The survey was conducted through face-to-face or phone interviews, by asking questions to individuals about their knowledge, attitudes and habits in the context of financial literacy. Themes mainly include budget preparation, fund management, short and long-term planning and financial product selection.

The survey also included questions regarding key socioeconomic characteristics of respondents, such as their age, gender and income level. While the findings and results of the survey are expected guide the formulation of future policies and strategies, it needs to be repeated in more countries. In the meantime, the next spring meetings of OECD/INFE will be held in Istanbul in May 2014. Studies for combining the policies based on the three pillars of access to financial products and services, financial education and protection of financial consumers, and developed through high-level coordination among related public agencies and institutions, un-

der a “Strategy for Expanding Finance to All Sections of Population” is about to be completed. The preparatory process of this strategy has been executed under the responsibility and coordination of Undersecretariat of Treasury with respect to access to financial products and services, Capital Market Board with respect to financial education, and the Agency with respect to protection of financial consumers. The draft national strategy and action plan prepared has been submitted to the Financial Stability Committee, as the overall monitoring and orientation authority, and will be put into force after its approval.



On the other hand, the Agency prepared three public service spots intended to strengthen financial literacy in 2013, with the contributions of Banks Association of Turkey (TBB), Participation Banks Association of Turkey (TKBB), Inter-Bank Card Center and Credit registry Bureau.

The public service spots focusing on conscious use of credit cards, password security in banking

transactions, and awareness on savings and budget planning have been posted on the website of the Agency. Furthermore, these public service spots have been broadcast on various TV channels to convey messages to larger masses of people. These activities, welcomed by the public with great interest and appreciation, are planned to be continued under different subject headings to contribute to financial literacy.

### **BRSA Public Service Spot - Conscious Use of Credit Cards**



## Macro-prudential regulatory activities continue to maintain stability in the financial sector as a whole.

Systemic risk is the risk of deterioration in the financial system as a whole or in part, at a scale that may affect economic activity. And financial stability refers to the continued sound functioning of financial system as a whole, as free from such deteriorations. Financial stability is a concept that requires interaction between the authorities regulating and supervising the financial and economic system on the one hand and policies and practices on the other. Likewise, international and national cooperation and standards are also important in maintaining financial stability.

In financial systems where banking sector is dominant, prudential regulation and supervision framework seems to be determining in ensuring stability. This prudential regulatory framework involves micro-prudential and macro-prudential policies. In our country, the Banking Laws clearly assigns the mission of maintaining financial stability to the Agency. In addition, the instruments given under the mandate of the Agency by the Banking Law are very effective in maintaining financial stability.

In order to ensure that the policies for financial stability are established in a cooperative manner, Financial Stability Committee was established through Decree-Law No. 637, published in the Of-

ficial Gazette no. 27958 dated 08 June 2011. In the Committee that convened under the Minister in charge of Undersecretariat of Treasury, Agency President is one of the key members together with Undersecretary of Treasury, Central Bank Governor, CMB Chairman and SDIF President.

In this framework, macro-prudential policy instruments have been implemented within the framework of the requirements of financial conjuncture

since 2006. At a time when the effects of global crisis was deeply felt in many advanced economies, Turkish financial system has successfully proven its resilience, while also implementing some macro-prudential measures in coordination with Financial Stability Committee, to maintain and further strengthen this re-

silience. These measures include the increase of consumer loan risk weights and reserve ratios, introduction of payment-based limitations on credit card limits in June 2011; introduction of capital requirements in case of high maturity mismatches aimed at limiting interest risk, in August 2011; and introduction of target ratio linked to country risk in September 2011.

In 2013, legal amendments were made to introduce some additional macro-prudential measures

**In the wake of the global crisis, minimizing systemic risk and maintaining financial stability have become key objectives of oversight and supervision functions.**

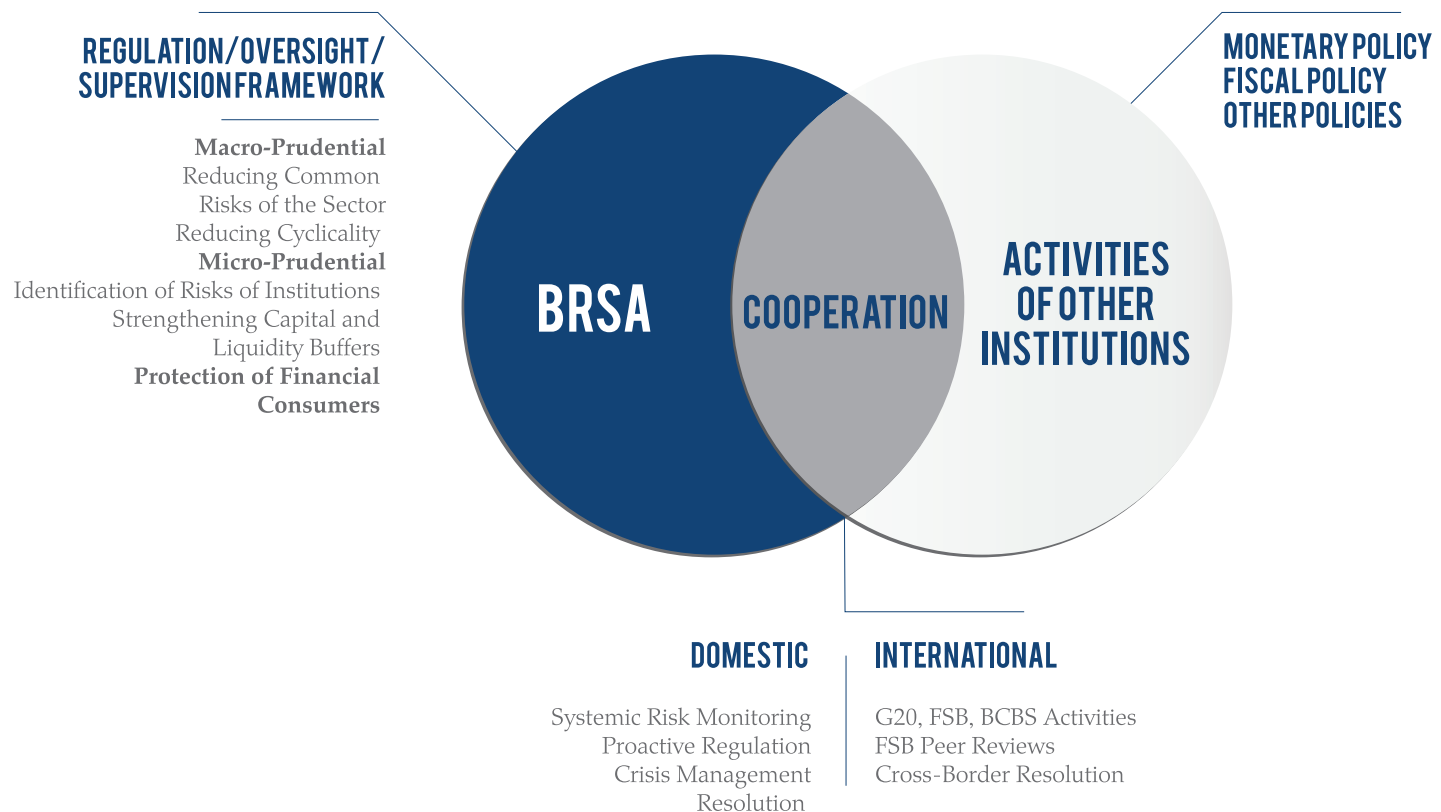
for consumer loans and credit cards, with a view to keeping systemic risks at minimal level. These regulatory amendments were intended to raise domestic savings, which are the most reliable and lasting financing sources, in order to ensure a high and stable growth dynamic; contain the growth in consumer loans through macro-prudential measures with a view to directing growing domestic savings to productive investments and reducing extravagancy; and raise the share of commercial loans in total loans through differentiating credit costs and other encouraging or discouraging measures.

As a result of assessments, the following regulatory amendments were introduced:

**Containing credit card limits and raising minimum payment rates**

Through Regulation on Amendment of Bank Cards and Credit Cards Regulation, the minimum payment rates of credit cards has been raised to minimum 30% of the debt for the period, for credit cards with limit of up to 15,000 TL, and to minimum 35 % of the debt for the period, for credit cards with limit of 15,000 TL to 20,000 TL. Furthermore, criteria have been established to take the income levels of individuals into account when determining credit card limits, and it has been provided that the total credit card limit of an individual for credit cards received from all institutions issuing credit cards cannot exceed two times the monthly average net income of him/her for

**Activities for Ensuring Financial Stability**



the first year, and four times the monthly average net income for the second and subsequent years. It has also been provided that a credit card shall be blocked for cash withdrawal if minimum payment amount is not paid for three times in a calendar year, and that it is totally blocked for use if minimum payment amount is not paid for three consecutive months.

#### **Increasing risk weights applied to credit card installments**

Through Regulation Amending the Regulation on Measurement and Evaluation of Capital Adequacy of Banks, the risk weights applied to credit card installments has been increased by 25 points for 1 to 6 months, and by 50 points for other maturities. Accordingly, risk weight has been raised to 100% for credit card installments of 1 to 6 months, 200% for 6 to 12 months and 250% for credit card installments of more than 12 months.

#### **Including individual credit cards in the scope of consumer loan**

Through the Regulation, the definition of “consumer loan” has been added to ensure that the term “consumer loan” also includes loans extended through credit cards as well as loans extended through overdraft accounts in the “Regulation on Principles and Procedures on the Establishment of Characteristics of Loans and Other Receivables by Banks and Reserves to be Allocated for These”. The rate of 20% has been increased to 25% percent in Article 7 of the Regulation and vehicle loans have been included in the scope of the subject paragraph; and general reserve ratios have been set as 0% for export loans followed up under Group One, 0.5 percent for cash loans provided to small and medium enterprises, and 0.1 percent for non-cash loans.

#### **Reducing general reserve rates for export loans**

Through Regulation on the Amendment of Regulation on Principles and Procedures on the Establishment of Characteristics of Loans and Other Receivables by Banks and Reserves to be Allocated for These, general reserve ratio has been reduced to 0% from 1% for export loans, and to 0.5% from 1% for SME loans.

#### **Increasing the risk weight of vehicle loans in calculating the capital adequacy ratios of banks**

Tenth Development Plan covering the period 2014-2018 includes the goal of boosting domestic savings, as the most reliable and lasting financing source; directing the growing domestic savings to productive investments; and reducing extravagancy, with a view to ensuring a high and stable growth dynamic. In this scope the Agency has been assigned as the authority responsible for containing the growth in consumer loans through macro-prudential measures, and raising the share of commercial loans in total loans through differentiation of loan costs and other encouraging and discouraging measures.

As part of this responsibility, assessments have been conducted on the developments in consumer loans from the perspective of savings, which represent the unspent portion of income, as well as the developments in SME loans, which represent commercial loans as drivers of economy. As a result of these assessments, the following amendments have been made to Annex-1 of the Regulation.

#### **For the loans extended in cash or through purchase of goods and services by way of credit cards;**

- Risk weight of the outstanding amounts of installments with remaining maturity of 1 months (excluded) to 6 months (included) has been increased to 100% from 75%;
- Risk weight of the outstanding amounts of ins-

installments with remaining maturity of 6 months (excluded) to 12 months (included) has been increased to 200% from 150%;

- Risk weight of the outstanding amounts of installments with remaining maturity of more than 12 months has been increased to 250% from 200%;

**For vehicles loan receivables in the scope of consumer loans;**

- Risk weight of the outstanding amounts with remaining maturity of one year (excluding the twelfth month) to two years (including the twenty-fourth month) has been increased to 150% from 75%;
- Risk weight of the outstanding amounts with remaining maturity of more than two years (including the twenty-fourth month) has been increased to 200% from 75%.

#### **Allocation of more general reserves for vehicles loans by banks**

Through “Regulation on the Amendment of Regulation on Principles and Procedures for Determination of Qualifications of Loans and Other Receivables by Banks and Reserves to be Allocated for These”, the exemption applied to vehicle loans has been removed in the paragraph “Banks whose ratio of consumer loans to total loans is more than twenty percent (20%) according to non-consolidated financial data prepared as of general reserve calculation periods, and banks whose ratio of illiquid claims from consumer loans other than vehicle and housing loans to consumer loans other than vehicle and housing loans is higher than eight percent (8%) shall apply general reserve ratio as four percent (4%) for consumer loans other than vehicle and housing loans followed up under

First Group till their maturity, and as eight percent (8%) for consumer loans other than vehicle and housing loans followed up under Second Group till their maturity.” Thus, provided that the required conditions are satisfied, general reserve ratio shall be applied as 4% for vehicle loans followed up under First Group till their maturity, and as 8% for vehicle loans followed up under Second Group till their maturity.

#### **Introducing installment limitations for Consumer Loans and Credit Cards**

Through “Regulation on Amendment of Regulation Concerning Bank Cards and Credit Cards”, an overall installment limitation has been introduced for cash withdrawals and goods and service purchases by credit cards, and installments have been totally removed in certain sectors.

#### **Applying loan-to-value ratio to vehicle loans as well**

Through “Regulation on Amendment of Regulation Concerning Loan Transactions of Banks”, the practice of loan/collateral ratio previously introduced for housing loans has been incorporated into the Regulation Concerning Loan Transactions of Banks; varying rates of loan/collateral ratio have been introduced for vehicle loans, and an overall maturity limitation has been introduced for vehicle and consumer loans. Through “Regulation on the Amendment of Regulation Concerning Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies”, varying rates of loan/collateral ratio already required for banks for housing and vehicle loans, and the overall maturity limitation applied for vehicle and consumer loans have been introduced for financing companies as well.

## Basel III rules have been started to be implemented to further strengthen the equity structure of banking sector.

Following the global financial crisis that started in 2008, G-20 (Group of 20), FSB (Financial Stability Board) and BCBS (Basel Committee on Banking Supervision) raised various proposals to transform financial systems into a sounder and stronger structure. The regulatory proposals in the field of banking have been compiled under Basel III.

Member states of the Committee, including our country, decided to apply the requirements of Basel III consensus during the period 2013 - 2019. The Agency has completed the work for implementing the reform proposals published by Basel Committee on Banking Supervision and known by the public as Basel III.

Within the framework of the implementation of this consensus, Regulation on Equity of Banks, Regulation on the Amendment of Regulation Concerning Measurement and Evaluation of Capital Adequacy of Banks, Regulation on Capital Protection and Cyclical Capital Buffers and Regulation on Measurement and Evaluation of Leverage Ratios of Banks have been published. Regulation on Calculation of Liquidity Coverage Ratios of Banks was published in the first quarter of 2014.

Regulation on Equity of Banks was published in the Official Gazette no. 28756 dated 05 September 2013. Through this regulation, the concept of core capital has been introduced as an element of equity; addi-

tional tier-I capital items to be included in tier-I capital besides core capital have been identified; stricter rules have been introduced for borrowing instruments to be included in tier-II capital; detailed adjustment principles have been established for items to be included in equity calculation; the principles for taking into account minority rights and shares held by third persons in consolidated equity calculation have been amended; and the borrowing instruments to be included in addi-

tional tier-I capital and tier-II capital have been allowed to be deleted from records or converted to stock to compensate for losses if the bank's capital adequacy ratio falls below a certain threshold.

Due to the innovations introduced by Regulation of Equity of Banks, it became necessary

also to amend the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. The amendments introduced by the Regulation published in the Official Gazette no. 28756 dated 05 September 2013 include, among others, the introduction of minimum core capital adequacy standard ratio (4.5%) and minimum tier-I capital adequacy standard ratio (6%), which will be calculated on a consolidated and non-consolidated basis, and applying risk weight instead of deduction from equity, for the purposes of capital adequacy practice, to certain items which are deducted from equity pursuant to legislation in force.

### **Under Basel III, it is also planned to introduce more comprehensive risk measurement practices for cyclical capital buffer, leverage ratio limit and liquidity risk**

The Regulation on Capital Protection and Cyclical Capital Buffers, published in the Official Gazette no. 28812 dated 05 November 2013, sets out the principles and procedures applicable to the calculation of additional core capital amount expected to be held by banks as capital protection buffer and cyclical capital buffer.

In addition to the equity obligations introduced by Basel III, banks are expected to hold additional core capital to ensure two different capital buffers. Capital protection buffer has been defined as the additional core capital expected to be reserved to prevent equity from remaining inadequate according to the regulations on capital adequacy as a result of the deterioration of economic and financial indicators. On the other hand, it is also intended to prevent equity from remaining inadequate according to the regulations on capital adequacy as a result of credit expansion reaching levels that may increase overall risk level. In this scope, the additional equity expected to be reserved by banks is called bank-specific cyclical capital buffer and it is calculated by banks taking into consideration the distribution of their loan portfolio by countries. The principles and procedures applicable to this calculation will be established through a Board decision separately. These buffers are not minimum ratios required to be maintained, but are intended to help banks attain the required capital levels by limitation of dividend distribution at certain rates in cases of non-compliance.

Under Basel III, leverage ratio has been proposed as a complementary element for calculation of capital adequacy for quantified risks. In this scope, Regulation on Measurement and Evaluation of Leverage Ratios of Banks was prepared and published in the Official Gazette no. 28812 dated 05 November 2013, taking into consideration Basel

Committee standards, European Union legislation and other related studies. The Regulation sets out principles and procedures applicable to ensuring that banks hold adequate capital on a consolidated and non-consolidated basis against the risks they may be exposed to as a result of leverage effects. Pursuant to this regulation, leverage ratio shall be calculated by dividing banks' tier I capital to total risk amount, composed of their total risk amounts of on-balance sheet assets and off-balance sheet transactions to which conversation rate have been applied; and it is provided that the quarterly simple arithmetic average of the mentioned ratio which will be calculated on a solo and consolidated basis shall be attained and maintained at the level of minimum 3%.

Through Regulation on Calculation of Liquidity Coverage Ratios by Banks, published in the Official Gazette dated 21 March 2014, the liquidity coverage ratio of minimum 100% has been established to be effective as from 01 January 2019, for the measurement and monitoring of liquidity risk. The practice of liquidity coverage ratio, which will be phased in as from 01 January 2015, is intended to ensure that banks hold high-quality liquid assets in an amount sufficient for covering their 30-day net cash outflows in their balance sheets particularly during times of stress. Liquidity coverage ratio is calculated as the rate of high-quality liquid asset stock to net cash outflows. High-quality liquid assets consist of assets the value of which can be measured easily and accurately, which constitute a reliable source of liquidity even during times of stress, which have not been used as collateral, and which do not have any legal or operational restriction preventing its use, sale, transfer or liquidation by the bank. Net cash outflow consists of the difference between total cash outflow and total cash inflow.

## Internal-rating based approach (IRBA) aims at continuously improving the risk management capacities of banks.

There are two main rationales for shifting to IRBA. The first one is that IRBA provides a much more sensitive measurement system relative to simple approaches for risks exposed. Under IRBA, the capital requirement for credit risk is calculated using Probability of Default (PoD), Loss Given Default (LGD), Default Amount (DA) and Maturity (M) as the basic inputs of the approach. Through these parameters which are specific to each debtor and debt, it will be possible to obtain credit risk in a more clearly and correctly adjusted manner. The second basic rationale for shift to IRBA is that it creates an automatic incentive system for banks to establish and maintain sound risk management systems, since banks would adopt risk management systems at higher standards with the motivation of minimizing their capital requirement.

From the perspective of banks, the most important aspect that stands out in calculation of capital for risks exposed is the avoidance of holding idle capital. IRBA offers solutions to banks for efficient use of capital. Furthermore, the results obtained from credit risk models under IRBA are used by banks also for development of medium and long-term strategies, product pricing, investment decisions, limit allocation, setting aside provisions, performance measurement and risk-adjusted return calculations, and thus significantly boost efficiency in risk management.

On the other hand, IRBA would undoubtedly add prestige in international markets to internationally active banks that have highly-diversified product and client portfolio.

The studies conducted under the Agency concerning IRBA in 2013 aimed at creating the legal framework and guidelines so that approaches based on internal rating of credit risk can be used by domestic banks. These studies are expected to be completed and made public in the first half of 2014.

**The objective is to help banks to evaluate their risk exposures and the counterparties for whom they provide loans, using their internal calculations, and thus calculate their capital requirements.**

Another effort undertaken by the Agency for the use of internal models was the preparation of report formats and explanations for the reporting to be made to the Risk Center established under Banks Association of Turkey (TBB) by banks already using internal models. This study has been

completed as of end-2013 and banks are expected to start reporting to the Risk Center as of the first quarter of 2014.

Through reporting to the Risk Center, a common data pool will be created on a sectorial basis on the one hand, and the data to be needed during the process of approval of internal models by the Agency after the legislation takes effect will have been met on the other. This data pool will also be used for the purpose of monitoring risk level of

banking sector and performance of approved models in the future.

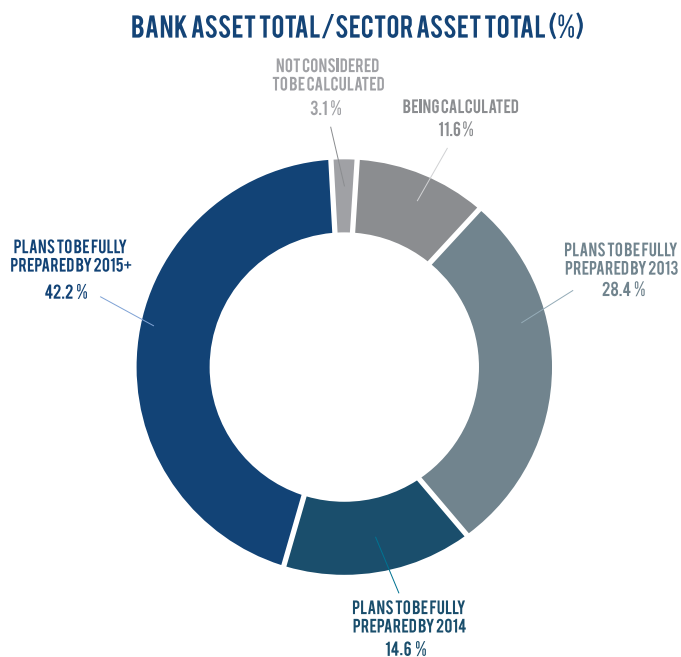
It is observed that the steps taken by Turkish banking sector for shift to IRBA has gained significant impetus particularly in recent years. In the Banking Sector Basel III Progress Report dated August 2013, it has been indicated that 67% and 46% of banks in the sector have ensured minimum 50% compliance with basic IRBA and advanced IRBA, respectively. Furthermore, banks accounting for 96% of asset size in the sector have indicated that they would eventually use advanced IRBA to a great extent, besides basic IRBA. In this framework, it is anticipated that banks will continue making investments for setting up the necessary infrastructure for IRBA.

Currently, the calculation of PoD, which is one of the key inputs of advanced IRBA, can be per-

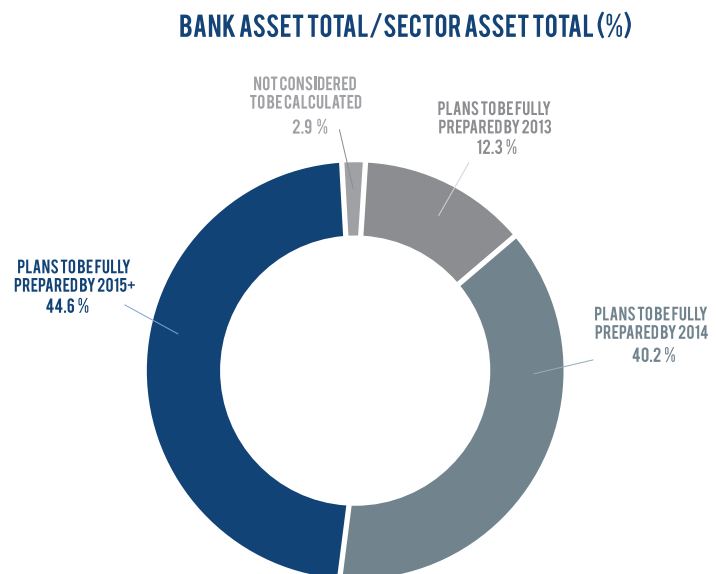
formed by more than 50% of banks for almost all asset categories. The current state about LGD and DA calculations is outlined in the graphs below. Accordingly, it seems likely that a significant portion of banks in terms of asset size will be ready for LGD and DA calculations in 2015 and beyond.

The most important problem faced by banks in the process of shift to IRBA is the shortcomings in availability of data regarding LGD and DA calculations. Although not as significant as the challenges with LGD and DA, the shortcomings in availability of data on PoD also constitute a challenge for the process. Other complaints of banks include the lack of qualified staff and technologic infrastructure. The main expectation of the sector from the Agency as far as IRBA is concerned include the elimination of uncertainties concerning the legislation and transition process and preparation of explanatory guidelines and examples.

### LGD Calculations by Banks



### DA Calculations by Banks



**In order to ensure that banks keep adequate capital to cover all risks they are exposed to while performing their operations and improve their risk management capabilities, the evaluation processes to be executed jointly by banks and supervision authority have been strengthened.**

Basel II Capital Accord, public by Basel Committee on Banking Supervision in 2005, consists of three pillars. The Accord was transposed into Turkish banking legislation through the regulatory framework published in the Official Gazette no. 28377 dated 28 June 2012. Basel II Second Pillar refers to two separate processes which basically complement each other. These processes are Internal Capital Adequacy Assessment Process (ICAAP) and Supervisory Review and Evaluation Process (SREP). The basic objective of these processes, which should be executed jointly by banks and supervisory authority is to ensure that banks keep adequate capital to cover all risks they are exposed to while performing their operations and improve their risk management capabilities. Therefore, the primary setting of the supervisory cycle established consists of the improvement of inter-linkages among risk profiles of banks, their risk management practices, risk mitigation systems and capital levels.

One of the basic approaches of ICAAP and SREP is the adoption of a “prospective” perspective in risk management. However, the currently used risk measurement models rely largely on historical statistical relations to evaluate risks and assume risk as the product of a known and constant statistical process. However, historical information derived from long periods of stability do not involve negative conditions (e.g. financial crises). Therefore, models may potentially fail to cover vulnerabilities and probabilities of strong shocks that may emerge in the fi-

nancial system in time. In this context, scenario analyses and stress tests appear to be the most important tools for establishing a risk management and decision-making process with a “prospective” perspective.

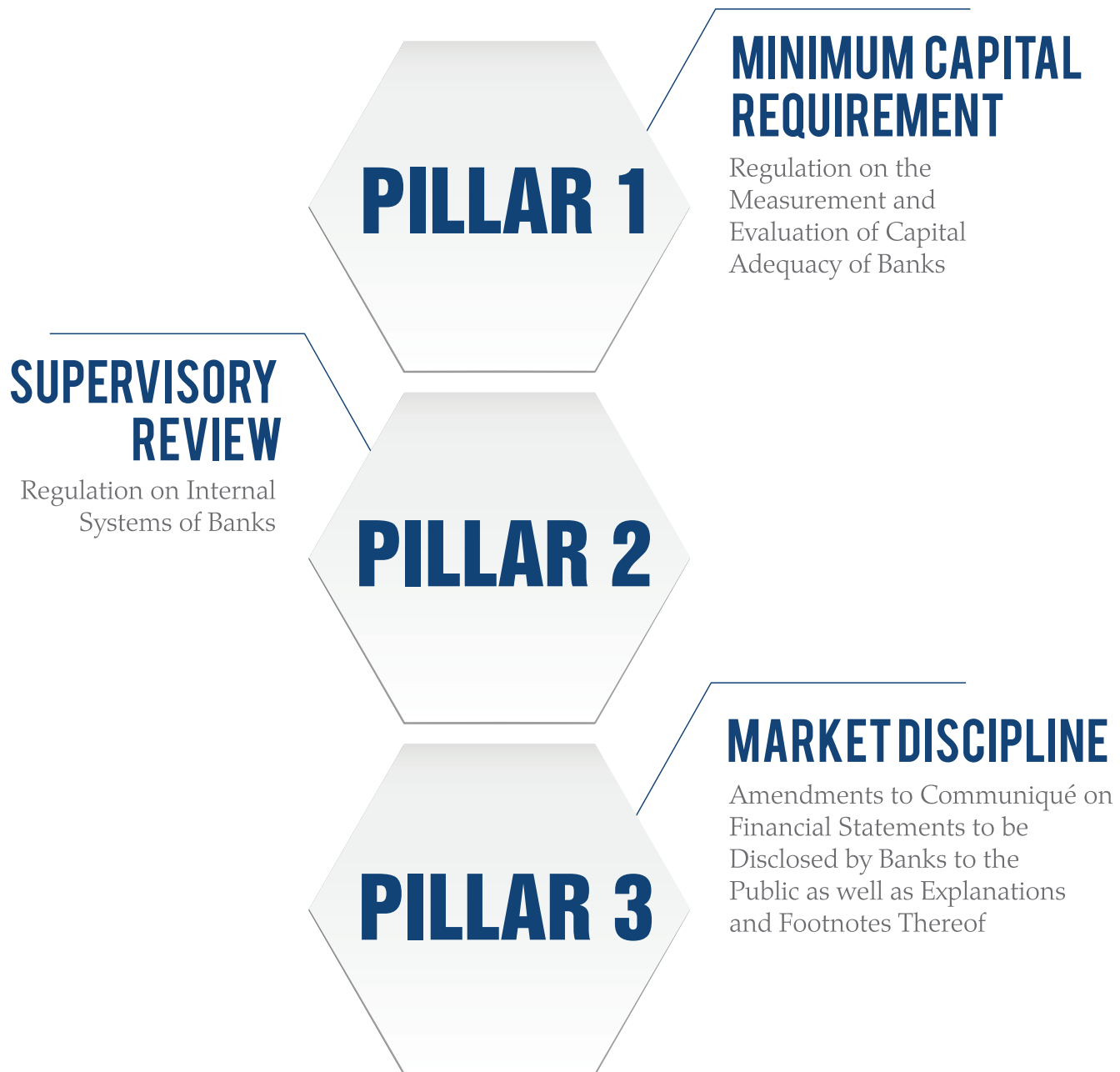
Pursuant to the instruction sent to banks on 06 February 2013 within the framework of efforts for monitoring the work of banks relating to stress tests, banks have been urged to prepare ICAAP

reports and send them to the Agency by 30 June 2013. Both the results of stress tests as presented in these reports, and the scenarios and models used for these stress tests have been analyzed in detail. In order to obtain information about the scenarios planned to be used by banks in stress tests for the period 2014-2016,

information requests were sent to banks in December 2013 and a preliminary evaluation was conducted on the scenarios sent. Subsequently, the Agency started studies for building the infrastructure for development of scenarios to be used by banks in stress tests. Banks will be expected to consider the scenarios developed by the Agency together with their own series of scenarios, and to reserve additional capital and liquidity buffers based on the results of their stress tests. In this scope, the Agency has prepared a series of scenarios to be taken into consideration by banks in ICAAP process in 2014, and these scenarios will be sent to banks very soon.

**Basel II Second Pillar requires certain changes in the institutional culture and structures of both the Agency and banks.**

## Regulations Concerning Basel II



## Audit processes have been streamlined within the framework of rapid decision making and risk focus.

Pursuant to Article 95 of Banking Law, the Agency has been assigned the responsibility of performing audits within the framework of activity programs approved by the Agency President. The same article also provides that audits shall be performed by teams of professional staff.

On-site audits are carried out in accordance with the “Audit Guidelines” and Audit Plans put into force with the approval of the Agency President, “Regulation on Principles and Procedures Applicable to Audit Activities of Banking Regulation and Supervision Agency” (Audit Regulation) dated 22 July 2006, and Instructions for Activity Program.

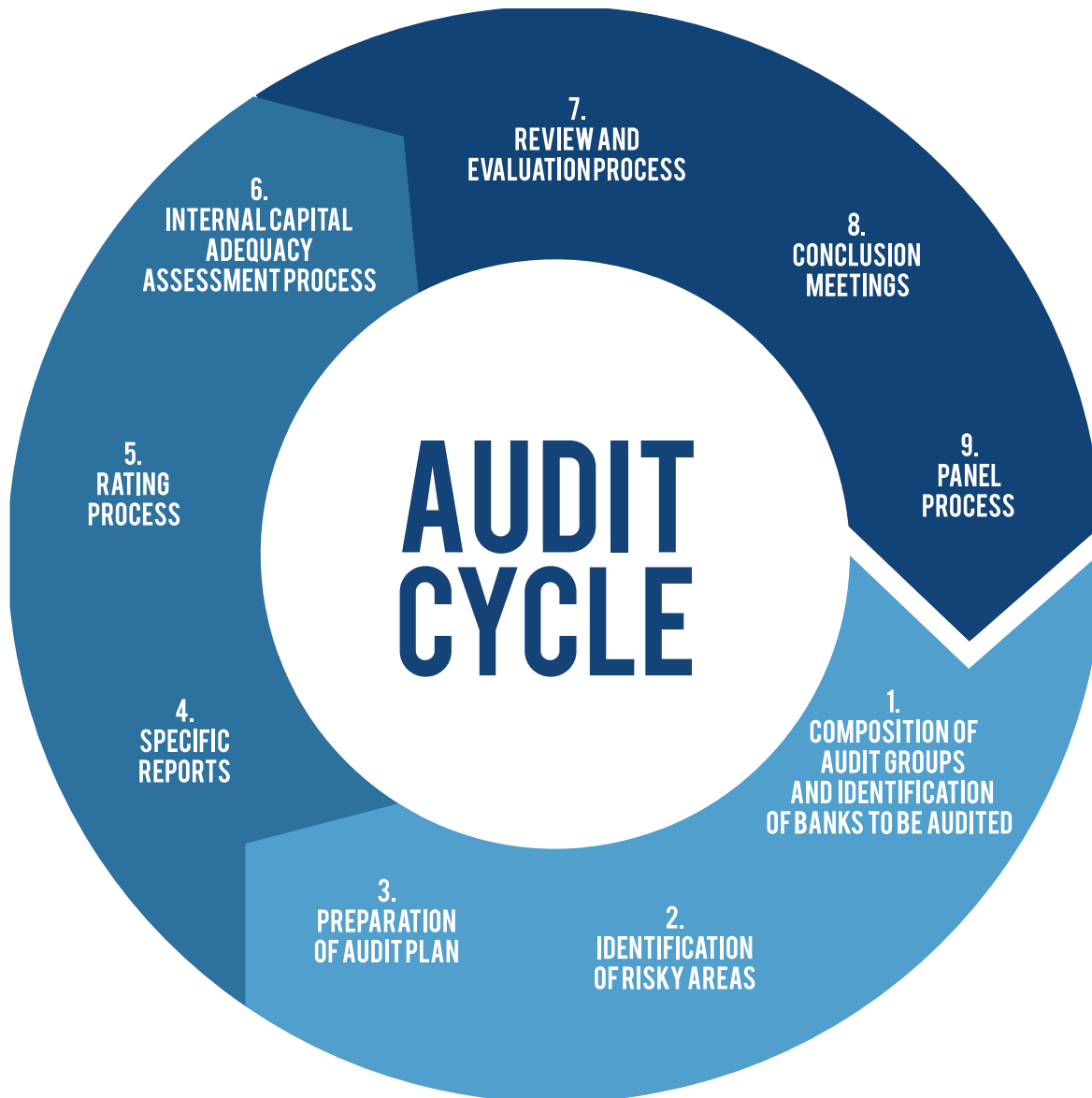
The Agency performs audits by way of audit groups set up under the responsibility of Group Directorates within the framework of principles set out in “Audit Regulation” and “Audit Guidelines”. Group Director ensures the audit of institutions under his/her responsibility by way of Audit Teams set up in September every year and delegated to individual institutions. The Agency follows a dynamic approach with risk-focused perspective to ensure efficiency, continuity and adequacy of audits and efficient use of audit resources.

**Risk-focused supervision is a supervision approach that aims at shaping up the allocation of audit resources by taking as a basis the risk profile of each institution as well as the adequacy of their internal control and risk management systems.**

**Composition of Audit Groups and Identification of Banks to be Audited:** At the first stage of on-site audit within the framework of risk-focused supervision approach, meetings are held in September every year by Audit I, II and III Department Heads under Vice President in charge of Audit, to identify the banks to be visited and not to be visited for audits, Audit Groups, Group Directors and teams to be delegated for audits, and these are submitted to the Agency president for approval by the end of September.

**Identification of Risky Areas:** Then, based on the Guidelines on Identification of Risky Areas (IRA), IRA Opinion and IRA Table are prepared to figure out the risk profiles of banks audited on site and preparation of audit plans for them. Within the framework of these principles, the Annual Audit Plan to be prepared on the basis of IRA Opinions as well as other risk assessment reports and other audit products for the past period are sent to related departments.

**Preparation of Audit Plan:** Audit plans are prepared by the Group Director with the participation of all audit group members and are submitted to the Agency President for approval, following the clearance of related Department Head and Vice President, as stipulated in the Audit Regulation and Audit Guidelines.



Audit plans essentially set out the risky areas of banks as identified during IRA process, audit periods and the Certified Bank Auditors allocated for on-site audits in these areas. While it is essential that Audit Plan is not modified throughout the audit cycle, modifications are possible as necessary, with the approval of Agency President.

**Specific reports (SR):** Following the IRA process, a Specific Report is prepared for each activity area included in the audit plan within the framework of a timing schedule prepared by the audit team. Each SR is prepared by audit team member and/or members designated by the Group Director and is signed by the Group Director and related audit team members.

**Rating Process:** Following the completion of Specific Reports, a final Bank Rating Report is prepared and signed by all Audit Group members in charge of related bank, based on the Rating Guidelines. CAMELS Rating System is used for the evaluation of banks' financial structure performance, management and organization. CAMELS consists of six main evaluation criteria (1-Organization and Management, 2-Capital Adequacy, 3-Resource Structure and Liquidity, 4-Asset Quality, 5-Revenue-Expenditure Balance and Profitability, 6-Sensitivity to Market Risk).

**Internal Capital Adequacy Assessment Process (ICAAP):** As part of ICAAP which is planned to be launched in 2014 within the framework of Basel

rules, ICAAP report in which banks calculate their own capital adequacy (as different from the calculation of statutory capital adequacy) based on the principle of economic capital, is prepared by banks on a solo and consolidated basis as of every year-end and is submitted to the Agency by the beginning of June.

**Supervisory Review and Evaluation Process (SREP):** SREP, which is planned to be launched by the Agency in 2014 within the framework of Basel rules, is the process by which the ICAAP reports prepared by banks and the economic capital adequacy ratios they calculate are verified by the Agency's audit staff.

**Conclusion Meetings:** The audit products prepared as a result of audits performed since the IRA process are shared with institutions in conclusion meetings held with the management of institutions. Opinions of the audited institutions are received in the enclosure of an official letter, and following necessary revisions, the audit products are submitted to the Agency.

**Panel Process:** ICAAP reports prepared by banks, SREP reports prepared by certified bank auditors and other audit products are evaluated collectively by the Agency's decision making organs and CAR ratios are determined for individual banks during this process.

## Projects for unveiling the growth and deepening potential of financial system continued.

The developments in Turkish economy after 2002 have unveiled the growth potential of interest-free financial system in our country. Total asset size of 4 banks operating as of 2013 reached 96 billion TL, total number of their branches reached 965, and total number of their staff reached 16,800. Researches suggest that interest-free finance will globally be one of the areas of highest growth in the future.

Today, many developed and developing countries are taking and carefully implementing strategic decisions to become a distribution channel or center for interest-free finance system. In this context, while our country has also made significant progress in the field of interest-free finance, we lag far behind competitor countries in tapping the available potential. Her geopolitical position, history, demographic characteristics, social structure and particularly increasing prestige following the global financial crisis that shook the world as well as her strong banking system push our country ahead in the field of interest-free finance and increase expectations from Turkey. In many researches our country comes out as one of the countries that may become a center for interest-free finance. However, it is known that Turkey has not developed enough in terms of interest-free financial institutions, products and services despite her great potential. It is considered that the objective of making Istanbul a center for interest-free finance constitutes an important part of the primary goal of making Istanbul an international financial center.

**Efforts have been made to develop interest-free finance and participation banking model, which is developing substantially at global scale, contributes to real economy, safeguards ethical values and is sustainable.**

If Istanbul becomes a center for interest-free finance, it is anticipated that Istanbul will become a center of attraction for alternative capital groups, particularly including the Gulf Capital. The success in this regard would obviously make great contribution to Istanbul Financial Center project and Turkish economy.

Considering these developments and anticipations, the Agency has conducted studies relating to Action 29, namely development of infrastructure for interest-free financing instruments, in Istanbul Financial Center Strategy and Action Plan.

Taking into consideration the economic, social, political and legal conditions in our country, perceptions of the community about participation banking and interest-free finance as well as current domestic and international practices in this field, a workshop on “Participation Banking and Interest-Free Finance” was organized through the cooperation of BRSA and TKBB on 21-23 December 2013, in order to identify the basic dynamics for development of interest-free financial market in a sound and sustainable manner in our country, and lay down concrete suggestions to contribute to the strategies and action plans for establishing the necessary infrastructure. The workshop sessions were participated by representatives from the Agency, UoT, CMB, BIST, CBRT, Religious Affairs Administration, Participation Banks Association of Turkey, World Bank, Islamic Development Bank, domestic and international banks, various financial institutions and universities.

## Oversight activities have been combined and an integrated oversight infrastructure has been established.

As part of oversight activities, bank-specific periodic reports, information notes and opinions are prepared, banks are followed up closely on a monthly, weekly and daily basis with a risk-focused approach, they are monitored for compliance with legislation, including the statutory limits stipulated in the legislation, and critical findings are rapidly reported to senior management and related units.

As part of sector-level oversight activities, oversight reports are prepared on various subjects such as market developments, basic indicators, loans, derivatives and stress tests, on a weekly, quarterly, biannual and annual basis. Sectoral reports that take up the banking sector as a whole analyze changes and current developments in detail.

Oversight reports prepared for individual banks and sectoral oversight reports complement each other, and evaluate the potentials and risks of our banking sector collectively at micro and macro levels.

Stress test activities are intended to analyze the risk and resilience levels of banks and the banking system. As a very critical instrument in testing the resilience of Turkish banking system against unforeseen but potential macroeconomic risks, stress tests also provide an early warning system.

Stress test activity by which financial modeling, risk management and econometric literature is applied

to our banking system are continuously updated through new methodologies and approaches. Furthermore, bottom-up stress tests, by which the results produced by banks themselves under certain scenarios are aggregated, are planned to be conducted in the future. Thus, it will be possible to obtain more detailed and accurate results and evaluate the studies of the Agency and bank practices together.

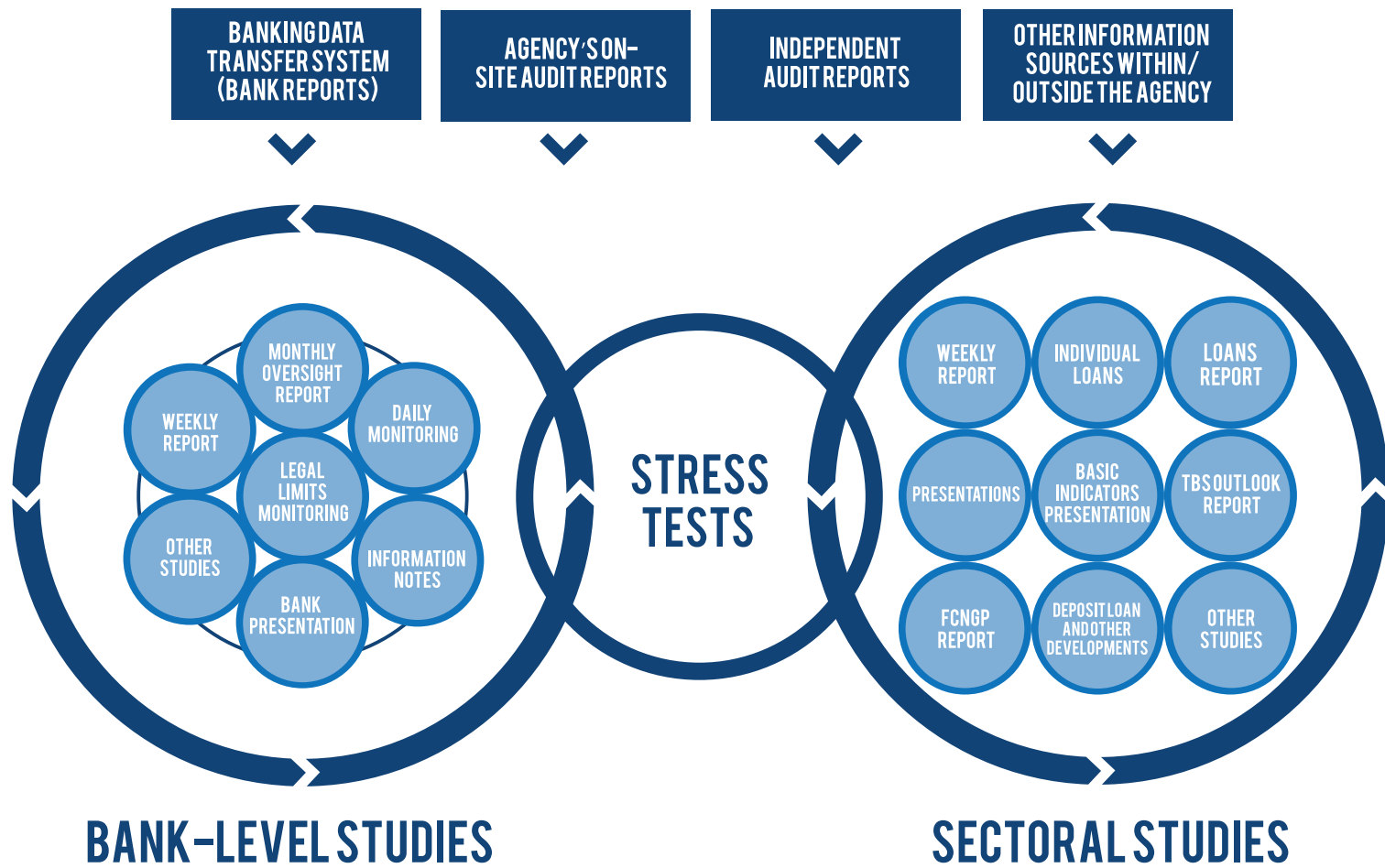
**Through a change in organizational structure, oversight activities carried out by various units and audit groups have been combined under a single structure.**

Besides oversight activities, the public is continuously informed about developments in the banking sector, responses are given to opinion requests of other institutions and active participation in working groups is ensured. By participating in meetings held with rating institutions, foreign investors and other institutions, the Agency contributes to the promotion of our country's financial system and economy correctly and directly.

While performing the oversight function, the developments and assessments about our banking system are shared with the public through quarterly Turkish Banking Sector Outlook Report. This report evaluates the banking sector together with developments in financial markets with an integrated point of view, shares aggregated current information and data regarding the banking sector and plays a key role in the public information function of the Agency.

## Operation of Oversight Function

### RESOURCES USED IN OVERSIGHT FUNCTION



## Legal framework for payment systems has been established through Law No. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions.

Numerous payments are effected for goods and services purchases every day. Advancements in technology and internet world have scaled up trade from local level to national and international levels, enabling buyers and sellers in different countries across the world to trade goods and services in virtual markets. Therefore, while the number of payments for goods and services purchases are growing rapidly, they assume a national and international dimension. Domestic and international money transfers among individuals, not based on any goods or services trade, have been growing historically, and millions of people are transferring money for various purposes every day.

In order to allow everybody to easily, affordably and safely effect both payment transactions for goods and services purchases and money transfers other than payment transactions, the security and quality of payment and money transfer services and the extensiveness of institutions offering these services are getting increasingly more important every passing day.

Today, in line with the developments in banking system, a vast majority of payment transactions including domestic and international money transfers, are effected using banking products and the use of physical money in goods and services trade is getting increasingly less common. Most of the payments made using banknotes in the past are now effected using non-cash methods such as credit cards and bank cards via the banking system.

### **The secondary legislation required by Law No. 6493 will be put into force by the Agency within the required periods.**

However, there is a large population both in Turkey and in the world that uses the various means of communication offered by technology but not using the financial products offered by the banking system or not sufficiently benefiting from banking services like payment services.

Including the population not benefiting from banking services in the financial system with various financial products and services is important for economic development, improvement of living conditions and raising welfare level. This group of population will also be able to access financial services easily through expanded use of mobile phones, computers and similar IT and electronic communication devices in payment transactions.

Today, technologic advancements allow for use of non-cash payment and money transfer methods for many commercial and financial transactions. For example, through these technological applications, a certain monetary value is stored electronically in chips or plastic cards, or linked to a certain digital password or pin code, and used in both physical and virtual markets for trade of goods and services.

The user of electronic money that responds to the needs of people who want to shop safely on internet without giving their personal information linked to credit cards or bank cards is getting increasingly more common worldwide.

Within the framework of technologic advancements, a need has emerged for the establishment of a legal structure for the use of mobile communication devices and other electronic devices in electronic payment transactions as they have become an indispensable part of day-to-day life, allowing for more practical, safer and faster payments, as well as easier access of people who want to transfer small amounts of money for non-commercial purposes to non-bank money transfer institutions, considering that many institutions operating in the field of payment services and electronic money have emerged both in Turkey and worldwide.

While some of the institutions offering payment services operate under the oversight and supervision of various authorities, others operate without obtaining any permit from any authority and without being subject to any regulation. In our country, there are many domestic and foreign companies operating in the field of payment services.

The operation of non-bank institutions in the field of payment services has been important in terms of increasing competition, enhanced service quality, reduced costs for consumers and increasing access to financial services by ensuring easier access of people not benefiting from banking services to these services. On the other hand, it is necessary to regulate the operations of non-bank institutions operating in the field of payment services in order to avoid practices that may negatively affect the security aspect of payment service, which can be defined as transferring the fund received from the payer to the payee.

Law No. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions, which was prepared to address these needs, ensure alignment with the EU acquis and sound development of payment services, define the main concepts involved and establish

the rights, obligations and sanctions, was published in the Official Gazette no. 28690 dated 27 June 2013. the objective of Law No. 6493 is to set out the principles and procedures applicable to payment and security settlement systems, payment services, payment institutions and electronic money institutions. Law No. 6493 provides that payment system and security settlement system operators shall be regulated by the Central Bank of Republic of Turkey, and the authorization and supervision of payment institutions and electronic money institutions be undertaken by the Agency.

Law No. 6493 provides that the principles and procedures applicable to the following be set out in a regulation to be issued by the Agency:

- Payment services,
- Information and conditions to be provided regarding payment services,
- Framework contract,
- Information and documents to be requested for issuing operating permit for payment institutions and electronic money institutions,
- Operation and activities of payment institutions and electronic money institutions, their share acquisitions and transfers, capital and equity structure, use of branches, representative's offices or external service providers, corporate governance principles, internal systems, information systems management, other activities not covered by Law No. 6493,
- Issuance and repayment of electronic money,
- Supervision of payment institutions and electronic money institutions,
- Custody of funds received by payment institutions for execution of payment services and funds collected by electronic money institutions against issuance of electronic money.

## Following the publication of Financial Leasing, Factoring and Financing Companies Law No. 6361, the secondary legislation on financial leasing, factoring and financing companies was completed in 2013.

Pursuant to subparagraph (a) of the first paragraph of Article 93 of Banking Law, the power to regulate and supervise financial leasing, factoring and financing companies has been assigned to the Agency. Through amendments made to Article 168 of the Banking Law, execution of the transactions of these companies has been included in the Agency's mandate.

Before Financial Leasing, Factoring and Financing Companies Law No. 6361 took effect, these companies were operating under the provisions of Financial Leasing Law No. 3226, Decree-Law No. 90 on Money Lending Transactions, and Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies, published in the official Gazette no. 26315 dated 10 June 2006.

As a result of changes in financial sector and the needs that have emerged in practice, it was observed that these regulations were not sufficient to ensure that these companies safely and efficiently perform their activities. Financial Leasing, Factoring and Financing Companies Law No. 6361, prepared to ensure that these companies operate within the framework of legal arrangements which respond to current needs and which are compliant with inter-

national standards, and that their establishment and operations are regulated under a single law, took effect on 13 December 2012, and annulled Financial Leasing Law No. 3226 and Decree-Law No. 90 on Money Lending Transactions.

The secondary legislation under Financial Leasing, Factoring and Financing Companies Law No. 6361 was completed in 2013. The Law and secondary legislation aim at establishing an efficient oversight and supervision system for these companies;

ensuring that these companies take an active role in the financial system and have a strong financial structure; increasing product diversity in financial leasing sector by introducing operational leasing,

sub-leasing, software leasing, sale and lease-back; and increasing revenue diversity through authorization for disbursing cash loan by up to a certain rate of paid-in capital.

One of the most important innovations introduced by Financial Leasing, Factoring and Financing Companies Law is the establishment of an Association of Financial Leasing, Factoring and Financing Companies, with public legal entity status, and the requirement for companies to become a member of this association.

### A new period has started for financial leasing, factoring and financing companies.

The power of registering financial leasing contracts signed abroad and executing other necessary procedures for registered contracts, which used to be exercised by the Agency, has been transferred to the Association through the Law.

Statute of the Association of Financial Leasing, Factoring and Financing Companies took effect through Council of Ministers Decree no. 2013/4792, published in the Official Gazette no. 28718 dated 25 July 2013, and pursuant to relevant provision of Financial Leasing, Factoring and Financing Companies Law No. 6361, financial leasing contracts signed abroad are registered by this Association as from 25 July 2013. The establishment and operationalization of the Association has allowed all companies in the sector to act in coordination and operate within the framework of certain standards in line with legal arrangements.

Another innovation introduced by the Law is the launch of central invoice registry system in factoring transactions, which ensures that only claims based on sale of goods and services are financed by companies and duplicated use of invoices is avoided.

Through the Central Registry System to be established under the Association of Financial Leasing, Factoring and Financing Companies, the factoring sector will have access to a sounder intelligence facility and data source. The strong financial structure to be created as a result of these steps taken for information sharing and risk management is expected to bring along alternative financial instrument diversification, liquidity facilities and a higher volume of transactions.

With the new Law, it is expected that the sector's ongoing growth trend will gain impetus and the sector will assume a more important role in meeting the financing needs of businesses, primarily including SMEs.

**Work is underway for creating an international legal framework to facilitate cooperation with foreign countries in the field of supervision and oversight, with a view to evaluating the structure of overseas activities and connections with parent companies, regulating and supervising these, and accessing correct information about these activities.**

For both developed and developing countries, strong structure of banking system is key to stability of both domestic and international financial markets. Turkish banks have been operating in international markets, with their overseas branches, representation offices and financial affiliates, taking into consideration the importance of international organization for rising their competitiveness and market share. On the other hand, both increasing global competition and positive developments in Turkish banking system have increased the interest of foreign banks in Turkish market. In this context, many foreign banks are operating in our country by way of branches and affiliates.

Within the framework of these developments, the overseas operations of our banks through their branches, representation offices and overseas affiliates are closely affecting the stability and reliability of the financial systems of both host country and our country as home country. In this context, it is important to create an international legal framework to facilitate cooperation with foreign countries in the field of supervision and oversight, with a view to evaluating the structure of overseas activities and connections with parent companies, regulating and supervising these, and accessing correct information about these activities.

**The cooperation established with counterpart supervisory authorities abroad has been further strengthened.**

Pursuant to Article 98 of Banking Law, the Agency has been signing memoranda of understanding with supervisory authorities of foreign countries for the alignment of policies and regulations. These memoranda of understanding aim at enhancing cooperation between the signatory supervisory and regulatory authorities in order to improve financial stability and ensure sustainable growth.

Based on the memoranda of understanding signed with counterpart supervisory authorities, signatory parties attach importance to cooperating in the organization of training programs and experience sharing that would contribute to development of financial sector, by undertaking joint studies for strengthening legal, regulatory and institutional structure to maintain financial stability and identifying and disseminating international best practices.

Talks with Spanish supervisory authority were concluded in 2013 and a memorandum of understanding was signed on 25 November 2013. The number of memoranda of understanding signed with foreign counterpart authorities reached 32 as of end-2013. On the other hand, talks with Dutch supervisory authority, De Nederlandsche Bank, were concluded at the end of 2013, and a memorandum of understanding was signed with the Dutch authority on 24 January 2014. Furthermore,

talks for signing memorandum of understanding continue with the Italian, British, US and Polish supervisory authorities.

In 2013, the Agency performed on-site audits to evaluate the existing and potential impacts of the US, Germany, Austria, Bahrain, Bosnia-Herzegovina, Netherlands, UK, Luxembourg, Kazakhstan, Malta and Russia branches and affiliates of some banks operating in Turkey on the financial structure of parent banks operating in Turkey, as well as balances between their assets-liabilities and profits-losses, and efficiency and adequacy of their internal audit systems, under Article 95 of Banking Law regarding on-site audit and oversight. In addition, the Agency has participated in the joint au-

dit of the affiliate of Turkish bank operating in Kosovo, upon the invitation of Kosovo Central Bank.

In addition, views have been exchanged in meetings held with the officials of banking supervisory authorities in Kosovo, Lebanon and Indonesia, who visited the Agency.

Various training programs are implemented on supervision activities, within the framework of memoranda of understanding signed between the Agency and foreign supervisory authorities. In this framework, supervisory training activities were organized for the supervision authorities of Kyrgyzstan, Azerbaijan and Qatar in 2013.

## Memoranda of Understanding Signed





# REGULATORY ACTIVITIES

Article 93 of Banking Law provides that the Agency shall exercise the powers assigned thereto by the Law and other applicable legislation, through regulatory actions or specific decisions to be taken by the Board and that the Agency shall be authorized to issue regulations and communiqués concerning the enforcement of the Law through Board decisions. Within the framework of regulatory function, studies have been conducted for the amendment of banking legislation in line with emerging needs and the requirement for ensuring alignment with the EU and international banking rules and practices.

As part of studies on legislation, draft regulations prepared by the Agency are shared with external stakeholders and posted on the website of the

Agency. The sector's comments and suggestions are requested and received through associations for all draft regulations. The drafts revised in line with the comments and suggestions from these institutions are submitted to the related Ministry in terms of linkages with sectoral policies and strategies, and to the Ministry of Development in terms of linkages with development plan and programs, pursuant to the fifth paragraph of Article 93 of Banking Law. Following the evaluation of these comments and suggestions, final versions of drafts are submitted to the Board, and the regulations and communiqués adopted by the Board are forwarded to the Prime Ministry for publication in the Official Gazette (excluding those put into force by Council of Ministers Decree).

## REGULATIONS PUT INTO FORCE

In 2023, one new law, four laws amending the Banking Law, five new regulations and 2 new communiqués were published; fourteen regulati-

ons and three communiqués were amended and one circular was issued.

**Table 1: Distribution of Legislation Put into Force, by Types**

Type of Legislation	2012	2013
Law	1	1
Amendment of Law	4	4
Regulation	3	5
Amendment of Regulation	6	18
Communiqué	6	2
Amendment of Communiqué	1	3
Circular	-	1
Board Decision	-	-
<b>Total</b>	<b>21</b>	<b>34</b>

## Laws

**Law no. 6456 on the Amendment of Public Finance and Debt Management Law and Some Other Laws and Decree-Laws (OG no. 28622 dated 18 April 2013):** Considering the dissatisfaction that may be caused among clients by the fact that the risk information of real persons and legal entities are not shared with real persons even if they give consent, Additional Article 1 of Banking Law has been amended to ensure that the information collected by Risk Center can be shared with real persons as well, besides private legal entities, provided that related real persons and legal entities give their consent.

**Law No. 6462 on the Amendment of Certain Laws and Decree-Laws for Changing Phrases regarding Disabled Individuals in Laws and Decree-Laws (OG no. 28636 dated 03 May 2013):** Through this amendment, the word “defective” has been amended as “disabled” as part of reasons for incapacity listed in the second paragraph of Article 85 of Banking Law, which governs the terms of office of Board chairman and members.

**Law No. 6487 on the Amendment of Certain Laws and Decree-Law No. 375 (OG no. 28674 dated 11 June 2013):** Through this amendment, Provisional Article 31 has been added to Banking Law. Accordingly, for the purposes of the enforcement of banking legislation, if a mutual friendly resolution is attained following an application filed with European Court of Human Rights or a judgment of European Court of Human Rights, a decision for non-prosecution shall be issued for the suspects or defendants in the investigation or prosecution executed for acts covered by the friendly resolution, once the related public authority’s statement for withdrawal of complaint or written application or intervening party status reaches the related public prosecutor’s office or the court.

**Law No. 6493 on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions (OG no. 28690 dated 27 June 2013):** The main features of this Law were discussed in the Highlights section.

**Law No. 6495 on the Amendment of Certain Laws and Decree-Laws (OG no. 28726 dated 02 August 2013):** Articles 92 and 93 of Banking Law have been amended to address the legal gap caused in the identification of the qualifications of Agency staff, due to the provisions cancelled by Constitutional Court decision no E:2005/139, K:2007/33, published in the Official Gazette no. 26731 dated 15 December 2007.

## Regulations

In 2013, amendments were made to the applicable legislation in response to the needs that have emerged in the process of enforcement of Banking Law and other related laws.

**Regulation Amending the Regulation on the Receipt of Support Services by Banks (OG no. 28543 dated 29 January 2013):** The sixth paragraph of Article 4 of the Regulation titled “Limitations regarding support services” has been amended to allow for hiring staff employed by another company in banks for information systems, taking into consideration the growing need for qualified staff in the field of adaptation of new technologies in modern information systems and modernization of existing technologies against the lack of qualified staff in this field; the fact that each service to be received in the field of information systems requires distinct expertise and experience; the fact that employing permanent staff, instead of temporary staff for just a specific project would reduce operational efficiency; the variability of bank needs for each separate project; and the fact that it may

not be possible to permanently employ such staff permanently due to the wage and staff policies of banks. Furthermore, in the seventh paragraph of Article 4 of the Regulation, automobile vendors, excluding those dealing with second hand sales, and real estate agencies have been added to the businesses where marketing service can be offered. In the second paragraph of Article 9 of the Regulation, the frequency of reporting obligation has been revised as minimum once a year.

**Regulation Amending the Regulation concerning Internal Systems of Banks (OG no. 28543 dated 29 January 2013):** Pursuant to subparagraph (o) of the second paragraph of Article 7 of Regulation on Internal Systems of Banks, published in the Official Gazette no. 28337 dated 28 June 2012, audit committees were required to prepare a report and submit it to the executive board on a quarterly basis, regardless of the scope of support service received or the additional risk caused on banks. However, considering that banks receive support services from many small-scale firms, reporting with this frequency would not contribute much to risk management of banks, and even the reports prepared could be duplications of previous reports. In this framework, the frequency of this reporting obligation has been revised as minimum once a year, in line with the amendment in Regulation Amending the Regulation on the Receipt of Support Services by Banks.

**Regulation Amending the Regulation on Principles and Procedures Applicable to Trading of Precious Metals by Banks and Disposal of Commodities Acquired Due to Their Receivables (OG no. 28545 dated 31 January 2013):** Pursuant to amendment to Decision No. 32 on Protection of Value of Turkish Currency, published in the Official Gazette no. 28115 dated 17 November 2011, palladium has been added to the definition of precious metal, besides gold, silver and platinum, in subparagraph (j) of the first paragraph of Article 2 titled “Definitions” in Decision no. 32. In

this framework, the scope of precious metals tradeable by banks, as stipulated in Article 4 of the Regulation, has been expanded to cover palladium as well, in line with the revision in Decision No. 32. In addition, through another amendment in the same article of the Regulation, banks have been allowed to trade golden coins and golden jewelry s defined in Decision no. 1738 of Turkish Grand National Assembly.

**Regulation Amending the Regulation on Principles and Procedures Applicable to Audits to be Performed by Banking Regulation and Supervision Agency (OG no. 28569 dated 24 February 2013):** Provisions regarding the organization, types and consequences of audits to be performed by the Agency have been amended.

**Regulation Amending the Regulation on Principles and Procedures Applicable to Preparation and Publication of Annual Reports by Banks (OG no. 28579 dated 06 March 2013):** Through the amendment, the obligation for banks to keep hardcopies of Annual Reports in bank branches has been lifted, and instead banks have been required to keep electronic copies to be printed out in branches as requested. Furthermore, banks have been required to send electronic copies of these reports, instead of their hardcopies, to the Agency.

**Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies (OG no. 28627 dated 24 April 2013):** Financial Leasing, Factoring and Financing Companies Law No. 6362, enacted to set out the establishment and operation principles of financial leasing, factoring and financing companies as well as principles and procedures applicable to financial leasing, factoring and financing contracts, was published in the Official Gazette no. 28496 dated 13 December 2012. The regulations annulled by the referred law needed to be revise and adapted to the new legislation. In this framework, Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and

Financing Companies was issued to set out the principles and procedures applicable to establishment of financial leasing, factoring and financing companies, issuance of operation permits for them, opening of domestic and overseas branches by these companies, share acquisitions, transfers, merger, disintegration and liquidation, their managers, shareholders' equity and transaction limits, internal systems, provisions, and independent audit, as required by the Law.

**Regulation Amending the Regulation on Loan Transactions of Banks (OG no. 28633 dated 30 April 2013):** Through this amendment, it has been provided that the fourth paragraph of Article 5 shall not be applied to those executive board members and general managers of banks and corporations included in the risk group of the bank who are included in the risk group solely because of their titles pursuant to the second paragraph of Article 49 of the Law, in relation to loans to be extended to the risk group including the bank.

**Regulation Amending the Regulation on Loan Transactions of Banks (OG no. 28704 dated 11 July 2013):** This amendment provides that commitments of an unlimited guarantee nature extended by the banks operating in Turkey to competent authorities in foreign countries for their obligations concerning their consolidated subsidiaries and affiliates in such foreign countries as per the legislation of said countries shall not be taken into account in the calculation of loan limits.

**Regulation Amending the Regulation on Internal Systems of Banks (OG no. 28709 dated 16 July 2013):** Through this amendment, the audit board members of banks not accepting deposits or participation funds, established by a law or authorization provided by a law for the purposes of national development or financing a specific sector or area, have been excluded from the prohibition for audit board members from taking an office in commercial entity.

**Regulation on Equity of Banks (OG no. 28756 dated 05 September 2013):** The main features of this Regulation were discussed in the section on Basel III, under the heading "Highlights".

**Regulation Amending the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (OG no. 28756 dated 05 September 2013):** The main features of this Regulation were discussed in the section on Basel III, under the heading "Highlights".

**Regulation Amending the Regulation on Bank Cards and Credit Cards (repeated issue of OG no. 28789 dated 08 October 2013):** The main features of this Regulation were discussed in the section on macro-prudential measures, under the heading "Highlights".

**Regulation Amending the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (repeated issue of OG no. 28789 dated 08 October 2013):** The main features of this Regulation were discussed in the section on macro-prudential measures, under the heading "Highlights".

**Regulation on the Amendment of Regulation on Principles and Procedures for Determination of Qualifications of Loans and Other Receivables by Banks and Reserves to be Allocated for These (repeated issue of OG no. 28789 dated 08 October 2013):** The main features of this Regulation were discussed in the section on macro-prudential measures, under the heading "Highlights".

**Regulation on Capital Protection and Cyclical Capital Buffers (OG no. 28812 dated 05 November 2013):** The main features of this Regulation were discussed in the section on Basel III, under the heading "Highlights".

**Regulation on Measurement and Evaluation of Leverage Ratios of Banks (OG no. 28812 dated 05 November 2013):** Within the framework of

harmonization with Basel III, Regulation on Measurement and Evaluation of Leverage Ratios of Banks has been prepared to help restricting cyclical movements, taking into consideration BCBS standards, AU legislation and other studies, as complementary to risk-sensitive capital calculation.

**Regulation Amending the Regulation on Bank Cards and Credit Cards (repeated issue of OG no. 28828 dated 21 November 2013):** Pursuant to the seventh paragraph of Article 27/A of Regulation on Bank Cards and Credit Cards, published in the Official Gazette no. 26458 dated 10 March 2007, institutions that have concluded card acceptor agreement and card accepters are expected to support 3D-Secure card holder verification technology. Thus, 3D-Secure Protocol, which introduces an additional security layer in transactions carried out on the internet using bank cards or credit cards and which is approved by card system institutions, has been included in the scope of the legislation to ensure a safer shopping environment.

Today, incidents of fraud are evolving from the typology of “Loss/Theft” to typology of transactions launched and carried out on the internet by card holder without possibility for issuance of an expenditure and credit document. Therefore, in line with technologic advancements, legislation would need to be amended further such that card holder identity verification will also cover secure methods apart from 3D-Secure.

**Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies (OG no. 28861 dated 24 December 2013):** The Regulation has been issued to re-arrange the provisions of annulled “Communiqué on Principles and Procedures Applicable to Provisions to be Reserved by Financial Leasing, Factoring and Financing Companies for their Claims” and the financial reporting provisi-

ons of the “Communiqué on Uniform Chart of Accounts and Explanations to be Applied by Financial Leasing, Factoring and Financing Companies and the Format and Contents of Financial Statements to be Disclosed to the Public” pursuant to Financial Leasing, Factoring and Financing Companies Law No. 6361. While the provisions in the annulled communiqués have been largely preserved, provisions regarding delay times in payments relating to guaranteed factoring transactions, general reserves to be set aside by financing companies and financial statement formats within the framework of Turkish Accounting Standards have been amended.

**Regulation Amending the Regulation on Bank Cards and Credit Cards (OG no. 28868 dated 31 December 2013):** The main features of this Regulation were discussed in the section on macro-prudential measures, under the heading “Highlights”.

**Regulation Amending the Regulation on Accounting Practices of Banks and Principles and Procedures Applicable to Document Keeping (OG no. 28868 dated 31 December 2013):** Through the amendment made to Turkish Commercial Code by Law No. 6102, the obligation to publish the subjects discussed in general assembly, including financial statements, by joint stock companies and companies based abroad, in Turkish Commercial Registry Gazette (TTSG) has been lifted. However, Banking Regulation and Supervision Board considered that the publication of financial statements in through Official Gazette is an efficient practice in terms of information of the public and transparency, and that it would be useful to maintain this disclosure obligation for banks. Through this amendment, the obligation for publication of financial statements in the Official Gazette has been maintained, but the obligation for publication in TTSG has been removed. Furthermore, the information requested pursuant to the annulled Turkish Commercial Code No. 6762 and the references made to that Code have been removed.

**Regulation Amending the Regulation on Loan Transactions of Banks (OG no. 28868 dated 31 December 2013):** The main features of this Regulation were discussed in the section on macro-prudential measures, under the heading “Highlights”.

**Regulation Amending the Regulation on the Measurement and Evaluation of Liquidity Adequacy of Banks (OG no. 28868 dated 31 December 2013):** This amendment has extended the effectiveness of provisional article regarding foreign exchange-indexed assets and liabilities, but the rate of 45 percent has been reduced to 40 percent for assets other than foreign exchange-indexed loans.

**Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies (OG no. 28868 dated 31 December 2013):** The main features of this Regulation were discussed in the section on macro-prudential measures, under the heading “Highlights”.

### Communiqués and Circulars

**Communiqué Amending the Communiqué on Preparation Consolidated Financial Statements of Banks (OG no. 28771 dated 20 September 2013):** The amendment has removed the obligation for taking consolidated financial statements of subsidiaries, jointly controlled corporations and affiliates as a basis in the preparation of consolidated financial statements for parent companies having subsidiaries jointly-control corporation and affiliates, and has enabled making calculations based on non-consolidated financial statements.

**Communiqué Amending the Communiqué on Uniform Chart of Accounts and Prospectus to be Applied by Participation Banks (OG no. 28623 dated 19 April 2013):** The Communiqué establishes the accounts to be used in accounting for transactions of sale with repurchase commitment

and purchase with re-sale commitment as well as loans used by power of attorney.

**Communiqué Amending the Communiqué on Techniques for Reduction of Credit Risk (repeated issue of OG No. 28789 dated 08 October 2013):** Considering that Eximbank is a public bank, that insurance covers the default risk of importer and political risk of importing country, that the losses of Eximbank from political risks are covered by the Treasury, and that political risks are at the same time is insured by Insurance Reassurance Association at the rate of 70 percent, the Communiqué on Techniques for Reduction of Credit Risk has been amended to ensure that export credit insurance policies from Turkish Export Credit Bank Inc. Co. are recognized as risk reduction instrument equivalent to Treasury guarantee in the calculation of capital adequacy ratio.

**Communiqué on Principles and Procedures Applicable to Management of Information Systems in Information Exchange, Clearing and Settlement Institutions and Audit of Business Processes and Information Systems (OG no. 28841 dated 04 December 2013):** While the Regulation on Bank Cards and Credit Cards meets the need for regulation on certain aspects of information systems, it remained insufficient in ensuring many basic information systems controls such as information security, separation of functions, authorization and audit trails. In this framework it was deemed necessary to undertake necessary regulatory work for making these institutions subject to “Communiqué on Principles Applicable to Management of Information Systems in Banks” and evaluate compliance with the provisions of the subject Communiqué through an independent audit system parallel to the information systems audits performed by independent audit institutions in banks. In this framework, through Banking Regulation and Supervision Board Decision no. 4943

dated 20 September 2012, it was decided to make necessary regulatory work for subjecting information exchange, clearing and settlement institutions (BKM, KKB and Risk Center) to “Communiqué on Principles Applicable to Management of Information Systems in Banks” and ensure audit and reporting of their compliance pursuant to “Regulation on Audit of Bank Information Systems and Banking Processes by Independent Audit Institutions”.

**Communiqué on Uniform Chart of Accounts and Prospectus to be Applied by Financial Leasing, Factoring and Financing Companies (OG no. 28861 dated 24 December 2013):** The Communiqué has been issued to re-arrange the chart of accounts and prospectus provisions of the annulled “Communiqué on Uniform Chart of Accounts and Explanations to be Applied by Financial Leasing, Factoring and Financing Companies and the Format and Contents of Financial Statements to be Disclosed to the Public” pursuant to Financial Leasing, Factoring and Financing Companies Law No. 6361. While the provisions in the annulled communiqués have been largely preserved, accounts have been created for monitoring the cash and non-cash loans to be provided by companies under the referred Law, the required reserves kept by financing companies in the Central Bank and loans restructured.

**Circular No. 2003/1 dated 26 March 2013:** The Circular clarifies that if deposit is taken for the cover of an already extended loan through pledge or assignment or previously established deposit pledge or deposit assignment transactions are terminated during the use of the loan due to change in cover, the loan shall only be recognized as loan against cash during the period between the establishment and termination dates of such pledge or assignment, and shall be subject to the credit limits pursuant to Article 55 of Banking Law only for this period.

## REGULATIONS WITH STUDIES COMPLETED AND PUT INTO FORCE IN 2014

**Regulation Amending Regulation on Principles and Procedures on the Establishment of Characteristics of Loans and Other Receivables by Banks and Reserves to be Allocated for These (OG no. 28880 dated 12 January 2014):** Pursuant to this Regulation, the lease certificates issued under Public Finance and Debt Management Law No. 4749, lease certificates under which banks are fund users, and mortgage-covered securities and asset-covered securities issued by banks have been included among First Group Covers.

**Regulation Amending the Regulation on Audit of Bank Information Systems and Banking Processes by Independent Audit Institutions (OG no. 28896 dated 28 January 2014):** In relation to COBIT, which is taken as a basis in information systems management in banks and which is used as a framework in independent information systems audits by independent audit institutions in banks; the provision in the annulled regulation that “updated version of COBIT shall be used” has been amended as “the version of COBIT as deemed appropriate by the Agency shall be used”. Thus, the referred framework document will be applied in accordance with the transitional plan envisaged by the Agency in a controlled manner, rather than its mandatory application by banks and independent auditors automatically beyond the control of our Agency every time it is updated as provided in the local legislation.

**Regulation Amending the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (OG no. 28948 dated 21 March 2014):** Through this amendment, it is possible to set the time periods in which the consolidated and non-consolidated capital adequacy standards ratios are required to be sent to the Agency, through Board decision.

**Regulation Amending the Regulation on the Measurement and Evaluation of Liquidity Adequacy of Banks (OG no. 28948 dated 21 March 2014):** Through this amendment, it is possible to set the time periods in which statements relating to first and second maturity periods of total and foreign currency liquidity adequacy ratios are required to be sent to the Agency, through Board decision.

**Regulation Amending the Regulation on the Calculation and Application of Foreign Currency Net General Position/Equity Standard Ratio on a Consolidated and Non-Consolidated Basis by Banks (OG no. 28948 dated 21 March 2014):** Through this amendment, it is possible to set the time periods in which statements relating to consolidated and non-consolidated foreign currency net general position/equity standard ratios are required to be sent to the Agency, through Board decision.

**Regulation Amending the Regulation on Measurement and Evaluation of Leverage Ratios of Banks (OG no. 28948 dated 21 March 2014):** Through this amendment, it is possible to set the time periods in which statements relating to leverage ratio and consolidated leverage ratio are required to be sent to the Agency, through Board decision.

**Regulation on Calculation of Liquidity Coverage Ratio of Banks (OG no. 28948 dated 21 March 2014):** Pursuant to the Regulation which has been prepared by taking into consideration Basel III document, related directive of the EU, assessments of associations of institutions, Undersecretariat of Treasury and CMB as well as affirmative views of Central Bank of Republic of Turkey, banks have been required to calculate consolidated and non-consolidated liquidity coverage rates in total and foreign currency terms, taking into consideration the template provided in the annex of the Regulation as from 01 April 2014, and to report to the Agency the ratios they calculate, without any obligation for attaining a ratio until 01 January 2015.

**Communiqué Amending the Communiqué on Principles Applicable to Information Systems Management in Banks (OG no. 28896 dated 28 January 2014):** In relation to COBIT, which is taken as a basis for information systems management in banks and which is used as a framework in independent information systems audits by independent audit institutions in banks; the provision in the annulled legislation that “updated version of COBIT shall be used” has been amended as “the version of COBIT as deemed appropriate by the Agency shall be used”. Thus, the referred framework document will be applied in accordance with the transitional plan envisaged by the Agency in a controlled manner, rather than its mandatory application by banks and independent auditors automatically beyond the control of our Agency every time it is updated as provided in the local legislation.

**Communiqué Amending the Communiqué on the Report for Bank Information Systems and Banking Processes Audit to be Performed by Independent Audit Institutions (OG no. 28896 dated 28 January 2014):** In relation to COBIT, which is taken as a basis for information systems management in banks and which is used as a framework in independent information systems audits by independent audit institutions in banks; the provision in the annulled legislation that “updated version of COBIT shall be used” has been amended as “the version of COBIT as deemed appropriate by the Agency shall be used”. Thus, the referred framework document will be applied in accordance with the transitional plan envisaged by the Agency in a controlled manner, rather than its mandatory application by banks and independent auditors automatically beyond the control of our Agency every time it is updated as provided in the local legislation.



AUDIT

AUDIT  
ACTIVITIES

ACTIVITIES

Audit activity covers all on-site audit activities performed at related institutions through the exercise of powers assigned to the Agency by Banking Law and other laws through the professional staff of the Agency. These activities basically involve the analysis and periodical reporting of various indicators concerning the consolidated and/or non-consolidated financial performance of banks and other institutions subject to supervision and regulation. These activities are performed through financial structure analysis, audit of compliance with the Law and related legislation, identification of potential problems and vulnerabilities through stress tests, and information of related units and decision-making authorities promptly, without waiting for preparation of standard reports, in case of negative developments or findings. Various resources, primarily including the Agency's database, are used for fulfilling the audit function. Principles and procedures governing audits have been set out through Regulation on Principles and Procedures Applicable to Audits to be Performed by Banking Regulation and Supervision Agency, which was published in the Official Gazette no. 26236 dated 22 July 2006. Under the referred Regulation, audit activities are carried out in accordance with audit guidelines.

The audit duties and powers assigned to the Agency by related laws are executed and exercised by way of the Board, President's Office, Vice Presidents, departments, group directorates working under the aforementioned, and professional staff deployed in temporary and/or permanent audit teams.

Audit groups follow up the developments in financial markets from up-to-date sources and execute audit activities within the framework of guidelines prepared in line with international practices and risk-focused audit approach.

#### On-site audits consist 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 effecting their financial structure,
- Analyzing adequacy and effectiveness of internal control, risk management and internal audit systems of banks,
- Making risk assessment of banks and determining their risk profile,
- Audit of compliance of financial statement and records of banks with accounting principles and standards,
- Audit of compliance of activities of banks with the provisions of Banking Law and provisions in other laws within the scope of this Law,
- Analyzing the adequacy and reliability of the banks' information systems,
- Analyzing the subjects concerning specific activities of banks,
- Evaluating banks' corporate management quality,
- Consolidated audit of the financial holding companies and/or parent banks together with their subsidiaries and/or jointly controlled corporations,
- Audit of the activities of factoring, financial leasing and financing companies,
- Audit of the activities of asset management companies,
- Audit of the activities of independent audit institutions,
- Audit of the activities of real persons and legal entities providing services to institutions, as limited to the services they provide,
- Audit of activities covered by Bank Cards and Credit Cards Law,
- Audit of the internal models which banks plan to use under Basel II credit risk internal rating based approach,

- Audit of the rating agencies in the phase of authorization,
- Investigation of notices and complaints concerning subjects covered by the related legislation,
- Investigations made based on the requests made by Prime Ministry Inspection Board, Parliamentary Investigation Committees, Ministry of Finance Financial Crimes Investigation Bo-

ard, Public Prosecution Offices as well as other related institutions and agencies, and other on-site audit activities.

As of end-2013, a total of 393 institutions are subject to supervision by the Agency, including 49 banks, 122 non-bank financial institutions and 222 other institutions (Annex-2).

**Table 2: Institutions Subject to Supervision**

Types of Institutions	2009	2010	2011	2012	2013
<b>Banks</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>49</b>	<b>49</b>
Deposit Banks	32	32	31	32	32
Participation Banks	4	4	4	4	4
Development and Investment Banks	13	13	13	13	13
<b>Non-Bank Financial Institutions</b>	<b>135</b>	<b>122</b>	<b>118</b>	<b>122</b>	<b>122</b>
Financial Leasing Companies	47	35	31	31	33
Factoring Companies	78	76	75	78	76
Financing Companies	10	11	12	13	13
<b>Other Institutions</b>	<b>101</b>	<b>110</b>	<b>161</b>	<b>194</b>	<b>222</b>
Asset Management Companies	6	6	8	8	11
Institutions Authorized to Perform Independent Audits in Banks(*)	39	40	42	42	42
Rating Institutions	3	3	3	3	1
Valuation Institutions	4	14	56	91	114
Foreign Bank Representative's Offices in Turkey	42	40	45	43	47
Financial Holding Companies	3	3	3	3	3
Credit reference Institution	1	1	1	1	1
Card System Institutions	3	3	3	3	3
<b>Total</b>	<b>285</b>	<b>281</b>	<b>327</b>	<b>365</b>	<b>393</b>

(\*) Of the independent audit institutions active as of end-2013, 6 are authorized for independent information systems audit and 2 are authorized for information systems audit in banks through outsourcing.

As a result of audit activities carried out in 2013, a total of 500 reports were prepared concerning legislation compliance audit, financial structure analysis, notice and complaint, domestic and overseas branch and affiliate investigation, risk evaluation, adaptati-

on evaluation and other subjects. Of these reports, 33 concern non-bank financial institutions and 46 concern domestic and overseas branches and affiliates of banks.

**Table 3: Reports Prepared as a Result of Audits**

Subjects	2012		2013	
	Number	%Share	Number	%Share
Legislation Compliance Audit	217	37.5	158	31.6
Notices and Complaints	171	29.7	205	41
Financial Structure Analysis	45	7.8	29	5.8
Domestic Branch Examination	42	7.3	28	5.6
Overseas Branch and Affiliate Examination	0	0.0	18	3.6
Risk Evaluation	40	6.9	22	4.4
Legislation Compliance Audit for Other Financial Institutions	36	6.2	19	3.8
Investigation of Notices and Complaints for Other Financial Institutions	9	1.6	14	2.8
Duty Loss Identification	3	0.5	0	0.0
Authorization Rating Institutions	3	0.5	0	0.0
Other	12	2.1	7	1.4
<b>Total</b>	<b>578</b>	<b>100.0</b>	<b>500</b>	<b>100.0</b>

On the other hand, as part of the audit of banks' risk management systems and risk models, Basel II credit risk standard approach and capital adequacy calculations have been audited in some banks.

As known, pursuant to the first paragraph of Article 43 of Banking Law, parent banks subject to consolidated limitations and ratios and their domestic and overseas branches and subsidiaries, jointly-controlled corporations, branches and representative's offices are subject to consolidated audit.

In this framework, pilot banks were selected in line with international practices and they were subjected to consolidated audit together with Undersecretariat of Treasury and CMB in 2013.

Pursuant to Article 122 of Banking Law, SDIF is authorized to request the Agency to send the necessary information to be taken as a basis for calculation of premiums over the deposits and participation funds insured, and to supervise whether these premiums are remitted according to established principles. In this framework, the Agency is performing on-site audits for these matters every year.

## DATA SOURCES USED IN THE PROCESS OF AUDIT

Effective and efficient execution of audit function requires the use of various data sources. Primarily including the information prepared and reported by related institutions to the Agency's database on a consolidated and/or solo basis, the basic data sources used in the audit process are as follows:

- Books, records and documents kept by banks, and banking systems,
- “Oversight Reporting Set” consisting of forms received periodically for monitoring the financial structure of banks and the legal limits they are required to comply with pursuant to Banking Law and the applicable legislation,
- “Weekly Liquidity Ratio Notification Form” and “Two-Week Stock Liquidity Ratio Notification Form” that include standard ratios to ensure that banks ensure and maintain sufficient level of liquidity such that their assets cover their liabilities pursuant to Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks,
- “Market Risk Reporting Set” prepared to monitor interest rate, exchange rate and stock position risks and relevant capital requirements, and the “Operational Risk Analysis Form” prepared to generate information for measurement of operational risk, within the framework of Regulation on Measurement and Evaluation of Capital Adequacy of Banks,
- Weekly forms including standard ratios for monitoring and evaluating the balances between the foreign exchange assets and liabilities and equities of banks, within the framework of Regulation on the Calculation and Application of Foreign Currency Net General Position/Equity Standard Ratio on a Consolidated and Non-Consolidated Basis by Banks,
- “Overseas Financial Institutions Reporting Set” consisting of quarterly forms relating to affiliates and offshore branches of banks under consolidated audit,
- “Non-Bank Financial Institution Reporting Set” consisting of quarterly forms for monitoring the financial structure of non-bank financial institutions and the legal limits they are required to comply with pursuant to Banking Law and the applicable legislation,
- Reports, opinions and other investigation results prepared by audit teams as a result of on-site audit activities,
- Independent audit reports,
- Analytical information received from Early Warning System,
- Other information received or compiled from institutions subject to audit.

## RISK-FOCUSED AUDIT (RFA) APPROACH

The RFA approach adopted by the Agency for its audit activities involves the tailoring of audit format, scope, time, intensity, procedures and allocation of resources for audit, by taking as a basis the risk profile of each bank as well as the availability and adequacy of internal audit and risk management systems. **Benefits expected from RFA approach are as follows:**

- Increased efficiency and effectiveness of the Agency's audit function,
- Audit carried out in a dynamic and uninterrupted process,
- Compliance with EU directives and international standards,
- Identification of significant changes in the risk profile of banks against the evolution and complication of financial activities and products,
- Use of new audit techniques to ensure efficient supervision of the changing risk profiles of banks,

- Efficiently managing risks faced by banks through risk identification, measurement, control and monitoring, and taking measures for reducing the possibility of conversion to loss (proactive supervision),
- Preventing the recurrence of problems emerging in banks by focusing on their causes, rather their consequences,
- Keeping up with the changes in financial system,
- Reducing systemic risks,
- Increasing the resilience of banking system against crises, through enabling banks to have efficient internal audit and risk management systems.

The objective audits performed within the framework of RFA approach is to ensure that banks understand the levels and types of risks they face and control them. In this context, rather than the risks taken by banks as of a certain date as a result of their activities, the quality and efficiency of management of these risks are important.

RFA enables banks to allocate resources to areas of high risk from areas of low risk. **The Agency ensures this by;**

- Identifying risks within the framework of generally accepted risk definitions,
- Measuring risks on the basis of general risk evaluation factors,
- Evaluating risk management systems to verify

that banks satisfactorily manage and control the identified risk levels,

- Taking into consideration the examinations carried out on the basis of the opinions reached in relation to the risks carried, risk profile and status of banks as well as the monitoring and audit activities for problematic areas.

### **IDENTIFICATION OF RISKY AREAS (IRA)**

Audit cycle of the Agency has been designed to ensure that the areas found to be risky in banks are identified and prioritized, detailed analyses are conducted in related fields of activity by channeling existing resources to the areas identified, and thus allow for sounder evaluation and rating relating to the financial structure of banks in the long term.

The IRA system adopted by the Agency for audit activities was shaped up in late 2013 within the framework of the approach defined as RFS in international literature. IRA system consists of elements expressed in terms of banking activities, indicators, degree of significance and areas subject to examination, as well as the interaction of these elements. While formulating the IRA elements, the risks which activities may arise and the points of view from which these risks can be examined have been taken into consideration and particular attention has been paid to take all potential possibilities into account.

Benefits expected from IRA system can be listed as follows:

- Execution of audit process with maximum efficiency and consistency,
- More systematically and rapidly following up the developments in the risk profiles and financial structures of banks,
- Planning and execution of audit process within the framework of the risk profile of individual banks,
- Efficient allocation of audit resources to areas where risks are high.

IRA process constitutes the first phase of audit cycle, and Specific Reports (SR) will be prepared throughout the audit cycle relating to the activity areas identified and included in the audit plan during this process. Specific Reports are audit products containing detailed findings and assessments concerning specific activity areas recognized as high-risk and found to be worth examination with priority in the audit cycle, in line with risk-focused audit approach.

## INFORMATION SYSTEMS AUDIT

The information systems audit of institutions covered by the Agency's mandate is performed by the Agency's staff and independent audit institutions. In 2013, the existing division of work continued within the information systems audit team of the Agency, with respect to audit activities and enforcement activities, and thus audit activities were executed in a more systematic and predictable manner.

Within the framework of the Information Systems Audit Manual prepared by the Agency staff for information systems and banking processes audit activities, the planned audits of 3 banks have been completed, 3 banks have been audited for specific purposes, operation permit audit has been performed for 1 bank, and operation expansion permit audit has been performed for 1 bank. Furthermore, the Agency has participated in the "Information Systems Audit" working and advisory committee established under KGK, as from December 2013, and the committee continues with its work.

**Table 4: Reports Prepared as a Result of Information Systems Audit**

Type of Audit	Scope of Audit	2012	2013
<b>1. Audits Performed by Independent Audit Institutions</b>			
Individual Audit	Information Systems + Banking Processes	3	46
	Banking Processes	45	3
Consolidated Audit	Information Systems + Banking Processes	25	25
<b>2. Audits Performed by the Agency Staff</b>			
Individual Audit	Planned Audit	2	3
Individual Audit	Specific Audit	11	3
Individual Audit	Operation Permit	1	1
Individual Audit	Operation Expansion Permit	0	1
<b>Total</b>		<b>87</b>	<b>82</b>



OVERSIGHT  
ACTIVITIES

Oversight activities involve the monitoring and analysis of the financial structure and financial performance as well as indicators, compliance and risks of banks and banking sector based on the database of our Agency, audit reports and internal and external information sources of the Agency. Furthermore, the impacts of existing and potential risks are evaluated through stress tests, and the potential future reactions of banks and the sector are projected. In this scope, many reports, studies and information notes prepared for individual banks and the sector in general with various frequencies are shared with related units and senior management.

Oversight activities have been organized under Audit-IV Department in order to strengthen oversight function, improve efficiency and ensure continuity, coordination and standardization, through Agency President's Approval no. 12551 dated 13 March 2013. Through this organizational change, the oversight activities previously carried out by audit groups under various Audit Departments and under Audit-IC Department, have been gathered under a single structure, and the oversight function of the Agency has been further strengthened.

The information flow through the database of the Agency, audit reports and internal and external information sources of the Agency, which consist of banking reporting sets with varying contents, is used and analyzed as part of oversight activities, and the resulting studies are shared with the related units.

**Oversight activities involve the following:**

- Stress tests and scenario analyses,
- Monitoring and evaluation of changes in finan-

cial structure and performance through periodic reporting,

- Monitoring the changes in rating notes, using the results of previous on-site audits and current data,
- Timely detection of changes in financial structure and performance through early warning systems,
- Execution of oversight activities for individual banks,
- Monitoring and analysis of financial developments at the level of individual sectors and institutions,
- Communicating non-compliance and reporting errors identified on the basis of reports from institutions, to related units,
- Legislation compliance analysis,
- Other oversight activities.

As part of oversight activities, periodic reports, information notes and opinions are prepared for individual banks by professional staff responsible for each bank, and banks are monitored for compliance with legal limits stipulated in the legislation through monthly, weekly and daily monitoring with risk focus. Furthermore, the financial performance of banks is evaluated in a comparative manner, through bank rating/ranking studies and sectoral studies including details of individual banks, which allow for taking account the financial status of banks in the system.

The findings reached for individual banks are quickly reported to senior management and related units. In this scope, a total of 2,424 bank-level reports were prepared in 2013, including 224 monthly and 2,200 weekly and other reports.

**Table 5: Bank Oversight Reports**

	<b>2013</b>
Monthly Reports	224
Weekly Reports	1,666
Daily and Other reports	44
Reports on Legal Limits	490
<b>Total</b>	<b>2,424</b>

As part of sectoral oversight activities, oversight reports are prepared on various subjects including market developments, key indicators, loans, derivatives, stress test, etc. on a weekly, monthly, quarterly, biannual and annual basis. The secto-

ral reports which address the banking sector as a whole, from various perspectives, analyze changes and current developments in a detailed manner. In this framework, a total of 194 reports, information notes and presentations were prepared in 2013.

**Table 6: Sectoral Reports**

	<b>2013</b>
Weekly Presentations	51
Weekly Reports	50
Information Note on Individual Loans	17
Presentation on Key Indicators of Turkish Banking System	12
Loans Report	12
Monthly Key Indicators (Balance Sheet, Loss/Profit, CAR)	11
Report on Foreign Currency Net general Position	6
Stress Test Report	4
Report on Outlook of Turkish Banking Sector	4
Report on KKB Individual Credit Rating Results Report	4
Information Note on Monthly Profitability Analysis	3
Liquidity Stress Test Report	2
Non-Cash Loans Report	1
Potential Non-Performing Loans Report	1
Report on Overseas Organization of Banks Established in Turkey	1
Other Reports and Studies	15
<b>Total</b>	<b>194</b>

The bank-level oversight reports and sectoral oversight reports ensure both the evaluation of the potential of banking system and the identification of risks through a proactive approach.

In this scope, the risk and resilience levels of banks are analyzed through stress tests. As a very critical instrument for testing the resilience of Turkish Banking Sector against unforeseeable but potential macroeconomic risks, stress tests also serve as an early warning system.

Stress tests make it possible to anticipate the potential reactions of banks and the sector both under normal conditions and to crises scenarios, as well as their profit-loss and capital adequacies, based on the relationships between macroeconomic dynamics and the own risks and dynamics of the banking system.

Stress testing, by which financial modeling, risk management and econometrics literature can be applied to our banking system, is constantly improved by taking into consideration new methodologies and approaches. Furthermore, it is planned to perform stress tests based on the bottom-up approach, by which the results produced by banks themselves based on certain scenarios are aggregated. Thus, it will be possible to obtain more detailed and accurate results and to evaluate the Agency's studies and bank practices collectively. Besides stress test applications based on macro scenarios, the results of stress tests supported with historical crisis scenarios, sensitivity analysis and various loan loss assumptions are submitted to the senior management, related units and audit staff on a quarterly basis.

Liquidity risk which the banking sector may be exposed to particularly in the short term and the fund need that may arise for this reason are analyzed through liquidity stress tests. Based on various scenarios and assumptions, liquidity stress tests reveal the amount of funds to be needed if the deposits

and other funding sources of banks contract and whether this need can be covered from the existing liquid assets, and are supported with assumptive or simulated liquidity shocks applied to liquidity ratios. Furthermore, a liquidity stress test approach for future cash flows is being worked out, and is planned to be applied in the coming periods.

Besides oversight activities, the Board Chairman and Members are continuously informed about developments in the banking sector through presentations and information notes, the requests of other units for opinion are met, and various working groups are actively participated. In addition, the Agency participates in meetings held with rating institutions, foreign investors and other authorities and thus contributes to the promotion of our sector at first hand. In cooperation with the responsible unit, efforts are made for developing the reporting set which is the main data source of the Agency. In this scope, a new liquidity monitoring forms was developed and put into use in 2013, which takes into consideration cash inflows and outflows as well as balancing capacities based on maturity periods and which enables liquidity analysis focusing on future periods.

While executing the internal functions of the Agency, the developments and assessments about our banking system are made public through quarterly Reports on Outlook of Turkish Banking Sector. This report evaluates ten banking sector together with developments in the financial sector with an integrated perspective, shares the aggregated current data and analyses on the banking sector, and thus plays a key role in the Agency's role of public information.

On the other hand, efforts for developing reporting sets and practices, with a view to improving the efficiency of oversight function, continued in 2013 as well. **In this framework;**

- New lines were added to the "Credit Card details Form (KK101AS)" in order to be able to

monitor the practices of cash advance repayable in installments and post-shopping installment, offered by banks to their clients, as from the reporting period September 2013.

- In order to monitor the impacts of changes introduced by “Regulation on Amendment of Regulation on Bank Cards and Credit Cards, published in the Official Gazette no. 28789 dated 08 October 2013, the form KK101AS has been abolished and replaced by “Credit Card Details Form (KK111AS)”.
- In order to monitor the risks of credit system efficiently, the “Table of Illiquid Receivables Sold/Transferred” has been created for the credit risk receivables disposed of by banks, and was started to be reported on a monthly basis as from January 2013.
- “Liquidity Risk Analysis Table (LR101HS)” was prepared to evaluate liquidity risk by comparing the cash inflows and outflows of banks and their cash generation capacities, and was started to be received as from December 2013.
- Pursuant to “Regulation on Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies”, published in the Official Gazette no. 28627 dated 24 April 2013, the “Legal Limits Form (YS100UF)” has been created, and the forms “Immovable Property Limits (GS100AS), “Leasing Transactions (FK100US)”, “Savings Deposit (TM312US)” and “Deposit (MV211AS)”, “Balance Sheet (BL200GS)”, “Repurchase (RP200HS)”, “Interest Risk (FR400AS), “Donation Limits (BS100YS)”, “Loan Limits (KS100AS)”, and “Loans (KR202AS), (KR540AS), (KR511AS)” have been updated.
- The Agency has participated in the work for preparing capital adequacy and shareholders’ equity forms under Basel III.
- The formats of financial statements received biannually from the domestic legal entity shareholders of banks since December 2010 under consolidated audit have been updated within

the framework of “Communiqué regarding Financial reporting Principles in Capital Market”, published in the Official Gazette no. 28676 dated 13 June 2013, and the formats provided in Capital Market Board Bulletin no. 2013/19 dated 07 June 2013, and reporting based on updated formats started as from the period June 2013.

- “Overseas Reporting Set” was started to be received from financial holding companies as from the period December 2013 in order to ensure an efficient audit and oversight system and make sounder assessments and anticipations of the financial system.
- The times for sending certain forms were shortened as from the period January 2014, excluding the reports which are received from banks through Banking Data Transfer Systems and which have their own sending times as clearly stipulated in their specific legislation.
- The data received pursuant to Risk Transactions Circular of Central Bank of Turkey, under Additional Article 1 of Banking Law, were started to be collected by TBB Risk Center. A preliminary training has been provided by the Agency regarding access to, and use of, these data and the possibility of access to data in test environment has been provided. All of the related staff will be given access after completion of testing process and technical infrastructure.
- The Agency has contributed to efforts for collecting reports based on internal rating at TBB Risk Center. Studies for creating a new “Credit Risk Database” for audits to be performed for oversight needs and Basel arrangements, as well as for data to be used for oversight purposes, have commenced and in this scope data sharing protocols have been prepared with Ministry of Customs and Trade, Ministry of Finance and Social Security Institution. These studies are planned to be completed in the first half of 2014.



ENFORCEMENT  
ACTIVITIES

Enforcement activities basically involve the conclusion of applications filed with the Agency by institutions covered by the Law, within the framework of authorizations provided in the Banking Law and other legislation; evaluation and analysis of the financial and management structures of institutions based on audits performed by the audit staff of the Agency as well as other information and documents; ensure and verify that necessary measures are taken according to results of such evaluation and analysis work;

and initiation of necessary proceedings through the Board if it is determined that the results of such audits require administrative and/or judicial penalties.

Enforcement activities are divided into two groups:

- Establishment, authorization and permit procedures
- Evaluation and enforcement activities



## ESTABLISHMENT, AUTHORIZATION AND PERMISSION PROCEDURES

As part of establishment, authorization and permission procedures, the Agency reviews, evaluates and concludes the applications filed by banks and non-bank financial institutions covered by the mandate of the Agency, as well as independent audit, valuation and rating institutions, on matters subject to permit pursuant to Banking Law and the applicable legislation.

### In this framework;

- Establishment, operation, share transfer, merger, transfer, branch and representative's office opening permits are issued for banks, and the referred permits other than representative's office opening permit are issued for non-bank financial institutions, namely financial leasing, factoring and financing companies.
- The procedures for capital increase requests of banks and financial leasing, factoring and financing companies are completed.
- Modifications to articles of association are evaluated within the framework of legislation.

### Furthermore;

- The procedures for authorization of institutions to provide valuation, rating and independent audit services to banks, and the establishment and operation permit applications filed by asset management companies are concluded.
- Whether the executive board members, general managers and deputy general managers to take office in the above-mentioned institutions bear the required qualifications is evaluated.
- Authorization procedures are carried out for institutions covered by Bank Cards and Credit Cards Regulation.

In 2013, establishment permits were issued for 2 banks and 5 companies, operation permits were issued for 1 bank and 7 companies, and 24 companies were authorized for valuation and 2 companies for independent audit.

**Table 7: Establishment and Operation Permits and Authorization Procedures**

Name of Institution	Type of Transaction	Decision Date and Number
<b>Banks</b>		
Rabobank A.Ş.	Establishment Permit	01/08/2013-5461
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Operation Permit	19/09/2013-5520
<b>Foreign bank branches authorized to collect deposits</b>		
Intesa Sanpaolo S.p.A.	Establishment Permit	09/05/2013-5314
<b>Factoring companies</b>		
CE-SA Faktoring A.Ş.	Establishment Permit	31/01/2013-5161
Kıbrıs İktisat Faktoring A.Ş.	Operation Permit	28/02/2013-5219
De Lage Landen Faktoring A.Ş. (*)	Operation Permit	28/06/2013-5400
CE-SA Faktoring A.Ş.	Operation Permit	04/07/2013-5411
İstanbul Faktoring A.Ş.	Establishment Permit	28/11/2013-5604
<b>Financial leasing companies</b>		
De Lage Landen Finansal Kiralama A.Ş.	Operation Permit	28/06/2013-5400
<b>Finance companies</b>		
Evkur Finansman A.Ş.	Establishment Permit	01/08/2013-5460
<b>Asset management companies</b>		
Vera Varlık Yönetim A.Ş.	Operation Permit	21/02/2013-5210
Deniz Varlık Yönetim A.Ş.	Establishment Permit	28/03/2013-5248
Turkasset Varlık Yönetim A.Ş.	Establishment Permit	04/04/2013-5272
Turkasset Varlık Yönetim A.Ş.	Operation Permit	20/06/2013-5393
Deniz Varlık Yönetim A.Ş.	Operation Permit	05/12/2013-5616

<b>Valuation companies</b>		
Arma Taşınmaz Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	17/01/2013-5147
Gold Gayrimenkul Ekspertiz ve Danışmanlık A.Ş.	Authorization for Valuation	31/01/2013-5169
Ekip Taşınmaz Değerleme A. Ş .	Authorization for Valuation	31/01/2013-5169
Piri Gayrimenkul Değerleme A.Ş.	Authorization for Valuation	31/01/2013-5169
Gedaş Gayrimenkul Değerleme A.Ş.	Authorization for Valuation	21/02/2013-5208
Metropol Gayrimenkul Değ. ve Danış. A.Ş.	Authorization for Valuation	21/02/2013-5208
Eksen Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	07/03/2013-5231
İnvest Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	07/03/2013-5231
Arıkan Taşınmaz Değ. A.Ş.	Authorization for Valuation	07/03/2013-5231
Mülk Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	07/03/2013-5231
Rehber Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	04/04/2013-5271
Arves Gayrimenkul Değerleme A.Ş.	Authorization for Valuation	04/04/2013-5271
Düzyay Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	28/03/2013-5249
KFB Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	02/05/2013-5304
Analiz Grup Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	02/05/2013-5304
Açı Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	23/05/2013-5345
Karat Taşınmaz Değerleme A.Ş.	Authorization for Valuation	06/06/2013-5371
Etkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	13/06/2013-5381
Rasyonel Grup Taşınmaz Değerleme A.Ş.	Authorization for Valuation	13/06/2013-5381
Dora Gayrimenkul Değerleme A.Ş.	Authorization for Valuation	25/07/2013-5454
Emsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	06/08/2013-5470
Demir Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	19/09/2013-5524
Dünya Grup Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Authorization for Valuation	24/10/2013-5560
Emek Taşınmaz Değerleme Eğitim ve Danışmanlık A.Ş.	Authorization for Valuation	07/11/2013-5573
<b>Independent audit companies</b>		
Güncel Bağımsız Denetim Danışmanlık ve YMM A.Ş.	Authorization for Audit	06/06/2013-5370
Adalya Uluslararası Bağımsız Denetim ve SMMM A.Ş.	Authorization for Audit	19/12/2013-5641

<sup>(\*)</sup> The company has not started operation as of the publication date of this report.

On the other hand, the operation permits of 1 foreign bank branch, 2 independent audit institutions and 4 factoring companies; and the authorizations of 2 independent audit institutions, 3 rating institutions and 1 valuation institution to provide services to banks have been cancelled for various reasons.

There are 12 permit and authorization requests submitted to the Agency and currently being evaluated, as of end-2013.

**Table 8: Revoke of Activity Permissions And Authorizations**

Name of Institution	Reason for Revocation	Decision Date and Number
<b>Foreign Bank Branches</b>		
Portigon A.G. Merkezi Düsseldorf İstanbul Merkez Şubesi	Own request	15/08/2013 - 5471
<b>Factoring Companies</b>		
İvme Faktoring Hizmetleri A.Ş.	Own request	21/03/2013 - 5245
Fortis Faktoring A.Ş.	Transfer/merger	20/06/2013 - 5389
Artı Finans Faktoring Hizmetleri A.Ş.	Own request	04/07/2013 - 5409
Hepkon Faktoring A.Ş.	Own request	01/11/2013 - 5567
<b>Independent Audit Institutions</b>		
Uzman YMM ve Bağımsız Denetim A.Ş.	Own request	06/06/2013 - 5369
Anadolu Bağımsız Denetim ve SMMM A.Ş.	Violation of legislation	05/12/2013 - 5615
<b>Rating Institutions</b>		
Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.	Adaptation to New Regulation	25/04/2013 - 5297
İstanbul Uluslararası Derecelendirme Hizmetleri A.Ş.	Adaptation to New Regulation	25/04/2013 - 5298
<b>Valuation Institutions</b>		
TGD Gayrimenkul Değerleme A.Ş.	Own request	14/02/2013 - 5192

**Table 9: Permission And Authorization Requests Under Evaluation**

Types of Companies	Type of Transaction	2012	2013
Bank	Authorization request	1	0
Financial Leasing Company	Application for Establishment/Authorization	0	0
Factoring Company	Application for Establishment/Authorization	1	0
Financing Company	Application for Establishment/Authorization	0	0
Housing Finance	Authorization request	0	0
Independent Audit Company	Authorization request	0	0
Valuation Company	Authorization request	18	7
Rating Company (*)	Authorization request	3	2
Asset management Company	Application for Establishment/Authorization	2	0
Foreign Bank	Request for opening a representative's office	1	2
Bank established abroad	Request for opening a branch	1	1
<b>Total</b>		<b>27</b>	<b>12</b>

(\*) Pursuant to Provisional Article 1 "Adaptation" of Regulation on Principles Applicable to Authorization and Operations of Rating Institutions, published in the Official Gazette no. 28267 dated 17 April 2012, two rating institutions earlier authorized by the Agency have applied again for adaptation.

### Other Permit Transactions

In 2013, the Agency continued issuing permits as a result of the evaluation of applications filed with the Agency within the framework of Banking Law and Financial Leasing, Factoring and Financing Companies Law.

### Permits for Share Transfer, Merger and Division

In 2013, various permits for share transfer were issued for institutions covered by the Law, through Board decisions detailed below, within the framework the provisions of applicable legislation:

- Through Board decision no. 5134 dated 10 January 2013, pursuant to the first paragraph of Article 5 of Banking Law; it has been decided to approve that Doygun Gıda Sanayi ve Ticaret Dağıtım A.Ş. be merged with Birim İnşaat A.Ş. through takeover, considering that Doygun Gıda Sanayi ve Ticaret Dağıtım A.Ş. has the same shareholding structure with Birim Birleşik İnşaat Mümessilik Tic. ve San. A.Ş., with which the former intends to merge, although shareholding rates are different; that the shareholders of Doygun Gıda A.Ş. indirectly hold shares in 17.783.256 TL worth Group A shares of Asya Katılım Bankası A.Ş., subject to share transfer, via Birim İnşaat A.Ş.; and therefore the subject share transfer would not cause any change in the indirect shareholding in the Bank by the shareholders of the referred companies. Thus, pursuant to the second paragraph of Article 18 of the Law, it has been decided to approve that 17.783.256 TL worth Group A shares of the Bank, belonging to Birim İnşaat A.Ş., each with nominal value of 1 TL in the 900.000.000 TL paid-in capital of the Bank, be transferred to Doygun Gıda A.Ş.
- Through Board decision no. 5162 dated 31 January 2013; it has been decided to approve that the share of Avram PERES in Huzur Faktoring A.Ş. be increased from 1% to 16,02%, as a result of capital increase in the company, within the framework of Law No. 6361 on Financial Leasing, Factoring and Financing Companies

and the Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies.

- Through Board decision no. 5197 dated 21 February 2013; it has been decided to approve the transfer of 99,99% shares of Fortis Faktoring A.Ş. to TEB Faktoring A.Ş., pursuant to Article 11 of Law No. 6361 on Financial Leasing, Factoring and Financing Companies and Article 13 of the Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies, without prejudice to the provisions of Turkish Commercial Code and other relevant legislation.
- Through Board decision no. 5217 dated 28 February 2013; it has been decided to permit Citibank Overseas Investment Corporation, which holds 99,99% shares in Citibank A.Ş. to transfer all of its shares in the bank to its affiliate Citigroup Netherlands B.V., based in the Netherlands, in which it holds 100% shares, within the framework of Article 18 of Banking Law.
- Through Board decision no. 5237 dated 14 March 2013; it has been decided to approve the transfer of 99,90% shares of Prime Faktoring A.Ş. to Ant Holding A.Ş., pursuant to Article 11 of Law No. 6361 on Financial Leasing, Factoring and Financing Companies and Article 13 of the Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies, without prejudice to the provisions of Turkish Commercial Code and other relevant legislation.
- Through Board decision no. 5256 dated 28 March 2013; it has been decided to approve the transfer of 56% shares of Atak Faktoring Hizmetleri A.Ş. to Eliza Nataşa İSRAİLYAN, and 25% shares to Berk ARTİNYAN, pursuant to Article 11 of Law No. 6361 on Financial Leasing, Factoring and Financing Companies and Article 13 of the Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies, without prejudice to the provisions of Turkish Commercial Code and other relevant legislation.

- Through Board decision no. 5330 dated 16 May 2013; it has been decided to approve the share transfers resulting in the acquisition of shares representing 45% capital of Kaynak Finansal Kiralama A.Ş. to Üs Holding A.Ş., and shares representing its 45% capital to Kökler Yatırım Holding A.Ş., pursuant to Article 11 of Law No. 6361 on Financial Leasing, Factoring and Financing Companies and the Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies, without prejudice to the provisions of other relevant legislation..
- Through Board decision no. 5382 dated 20 June 2013; it has been decided to permit the reduction of shares of Audi Saradar Private Bank s.a.l. in Odea Bank A.Ş. from 17% to 8.35% as it could not participate in the process of increasing the paid-in capital of Odea Bank A.Ş. in the amount of the TL equivalent of 300 million USD (552,990,000 TL), within the framework of Article 18 of Banking Law.
- Through Board decision no. 5383 dated 20 June 2013; it has been decided to approve the transfer of following amounts of shares, each with nominal value of 1 TL, in the 900,000,000 TL paid-in capital of Asya Katılım Bankası A.Ş.: 180,000 TL worth Group A shares of Rıdvan GÜNGÖR to Saide Nur GÜNGÖR by inheritance; 400,000 TL worth Group A shares of İsmail KIRGÖZ to Mehmet KAFARCI; 549,999 TL worth Group A shares of Mehmet KATIRCI (315,000 TL), Sebahat ŞİMŞEK (224,999 TL) and Tuncay BAYDAK (10,000 TL) to Hasan SAYIN; 1,636,500 TL worth Group A shares of Ahmet Ruhi ÜNLÜ (122,500 TL) Arif BAŞOĞLU (90,000 TL) Adem ACAR (500,000 TL) and Mustafa DUĞRAL (924,000 TL) to Ahmet ÇELİK, within the framework of Article 18 of Banking Law.
- Through Board decision no. 5388 dated 20 June 2013; it has been decided to approve the transfer of 98% shares of RBS Finansal Kiralama A.Ş., from The Royal Bank of Scotland N.V. included in The Royal Bank of Scotland Group Plc. to RBS AA Holdings (UK) Limited whose 100% shares are owned by The Royal Bank of Scotland Group Plc., pursuant to Article 11 of Law No. 6361 on Financial Leasing, Factoring and Financing Companies and Article 8 of the Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies.
- Through Board decision no. 5389 dated 20 June 2013; it has been decided to cancel the operation permit of Fortis Faktoring A.Ş. as a result of the merger of Fortis Faktoring A.Ş. and TEB Faktoring A.Ş. through the transfer of the former to the latter, within the framework of the provisions of Law No. 6361 on Financial Leasing, Factoring and Financing Companies.
- Through Board decision no. 5391 dated 20 June 2013; it has been decided to permit the transfer of 99.46 percent shares of TAIB Bank B.S.C. (c) in TAIB Yatırımbank A.Ş. directly to Aksoy Holding A.Ş., which results in the decline of the former's direct shares in the latter from 99.46% to 0%, and as a result of this transaction, permit Erdal AKSOY and Ayşe Belkıs AKSOY to indirectly hold 99.46% of the bank shares each, and Saffet Batu AKSOY and Banu AKSOY TARAÇCIOĞLU to indirectly hold 20.05% shares of the bank each.
- Through Board decision no. 5404 dated 28 June 2013; it has been decided to permit the takeover of 70.84% shares of Alternatifbank A.Ş. by The Commercial Bank of Qatar, based in Qatar Emirate, within the framework of Article 18 of Banking Law.
- Through Board decision no. 5425 dated 11 July 2013; it has been decided to approve the reduction of indirect shareholding of Russian Federation Central Bank in Denizbank A.Ş. from 57.49% to 49.925%, as a result of the sale of the 7.58% shares of Russian Federation Central Bank in Sberbank Rossii through public offer, within the framework of Article 18 of Banking Law.
- Through Board decision no. 5530 dated 26 September 2013; it has been decided to permit;

- Which result in (1) the fall of the indirect shareholding of Merrill Lynch Group Inc. and Merrill Lynch&Co. Inc. in the bank from 99.999994% and 100%, respectively, to 0%, and (2) the acquisition of 100% indirect shares by NB Holdings Corporation, 99.999998% indirect shares by Merrill Lynch International Incorporated and 89.9999928% indirect shares by Bank of America Global Holdings, S.a.r.l.
  - \* The reduction of the direct shares of Merrill Lynch European Asset Holdings Inc. in Merrill Lynch Yatırım Bank A.Ş. from 99.999992% to 0%, and
  - \* The acquisition of 99.999992% direct shares by Bank of America Global Holdings, LP in the bank,
- Through Board decision no. 5549 dated 10 October 2013; it has been decided to approve the purchase, by BİST, of the 4.86% shares held by T.C. Ziraat Bankası A.Ş. in İstanbul Takas ve Saklama Bankası A.Ş. and thus the increase of BİST's shares in the Bank from 47.20% to 52.06%, within the framework of Article 18 of Banking Law and Article 11 of Regulation on Bank Transactions Subject to Permit and Indirect Shareholding.
- Through Board decision no. 5558 dated 24 October 2013; it has been decided to approve the purchase, by Alternatifbank A.Ş., of the 95.82 percent share of Anadolu Endüstri Holding A.Ş. in Alternatif Finansal Kiralama A.Ş., within the framework of Article 11 of Law No. 6361 on Financial Leasing, Factoring and Financing Companies, Article 8 of the Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies, and paragraph (7) of Article 8 of Regulation on Bank Transactions Subject to Permit and Indirect Shareholding.
- Through Board decision no. 5577 dated 07 November 2013; it has been decided to approve the transfer of 6,334,915 TL worth Group A shares belonging to 39 shareholders of Asya Katılım Bankası A.Ş. to Sürat Basım Yayın Reklamcılık Eğitim Araçları San. ve Tic. A.Ş., within the framework of Article 18 of Banking Law.

#### **Cross-Border Operation, Representative's Office and Branch Opening Permits, registration Procedures**

In 2013, 2 banks were permitted to acquire affiliates abroad, 2 banks were permitted to open 7 overseas branches, and 2 banks were permitted to open 3 overseas representative's offices.

Furthermore, the requests of 5 banks established abroad to open representative's offices in Turkey have been approved. Among representative's offices, BSI S.A. Turkey Office, Natixis SA Turkey Office and JSC Bank of Georgia Turkey Office became operational in 2013. On the other hand, Standard Chartered Bank Turkey Office and The Bank of Tokyo Mitsubishi UFJ Turkey Office ceased operation in 2013.

In 2013, the Agency registered financial leasing contracts covering 43 air vehicles, pursuant to Article 8 of the annulled Financial Leasing Law No. 3226 which requires the registration, by the Agency, of financial leasing contracts of financial leasing companies based abroad, with no branches in Turkey.

On the other hand, the first paragraph of Article 21 of Law No. 6361 on Financial Leasing, Factoring and Financing Companies provides that the financial leasing contracts to be concluded abroad shall be registered by the Association of Financial Leasing, Factoring and Financing Companies (the "Association"); and the second paragraph of Article 21 of the Law provides that the principles and

**Table 10: Banks Established Abroad and Permitted to Open Representative's Offices**

<b>Name of Bank</b>	<b>Country of Origin</b>	<b>Date / Number</b>	<b>Operation Date</b>
BSI S.A.	Switzerland	21/02/2013-5209	22/04/2013
Natixis SA	France	09/05/2013-5315	02/09/2013
JSC Bank of Georgia	Georgia	28/11/2013-5607	25/12/2013
Alubaf Arap International Bank B.S.C.	Bahrain	28/11/2013-5608	-
Ziraat Bank International A.G.	Germany	19/12/2013-5642	-

procedures applicable to financial leasing contracts to be concluded abroad shall be established by the Association based on the approval of the Agency.

The “Statute of Association of Financial Leasing, Factoring and Financing Companies” took effect through Council of Ministers Decree no. 2013/4792 published in the Official Gazette no. 28718 dated 25 July 2013, and pursuant to the first paragraph of Article 21 of Law No. 6361 on Financial Leasing, Factoring and Financing Companies, the Association started registering the financial leasing contracts concluded abroad and performing other procedures relating to the registered contracts, as from 25 July 2013.

## EVALUATION AND ENFORCEMENT ACTIVITIES

As part of evaluation and enforcement activities, reports produced from the results of on-site audit and oversight activities are evaluated together with information and documents coming from banks, non-bank financial institutions, independent audit institutions, and other persons, entities and institutions, with a view to ensuring that institutions operate in compliance with the legislation.

As a result of evaluation activities;

- The measures decided are notified to related institutions for necessary action, and are also taken into account in audit and oversight activities;

- Necessary administrative procedures are executed in relation to notices and complaints about institutions and subjects covered by the Banking Law, within the framework of the applicable legislation.

In 2013, as a result of the evaluation of on-site audit and oversight results as well as notices and complaints, 19 criminal complaints have been filed regarding liable persons in various banks, and 1 criminal complaint was filed in relation to lending activity without permit. Furthermore, the signatory power of 14 persons have been temporarily suspended in banks, and the previously suspended signatory powers of 5 people were reinstated.

Furthermore, a total of 250 administrative fines were imposed, including 229 for banks, 17 for non-bank financial institutions, 3 for valuation companies, and 1 for independent audit institutions. Of these fines, 41 were imposed due to non-compliance with legislation concerning information systems. Of the administrative fines imposed in relation to information systems, 38 were for non-compliance detected as a result of audits performed by independent audit institutions, and 2 for non-compliance detected as a result of planned and specific audits. In addition, one fine was imposed on an independent audit institutions due to non-compliance with legislation on information systems.

**Table 11: Distribution of Administrative Fines**

Institutions	2012		2013	
	Number (*)	% Share	Number (**)	% Share
Banks	315	94.9	229	91.6
Deposit and Participation Banks	290	87.3	212	84.8
Development and Investment Banks	25	7.5	17	6.8
Representative's Offices of Foreign Banks	2	0.6	0	0.0
Financial Leasing and Factoring Companies	11	3.3	17	6.8
Independent Audit Companies	1	0.3	1	0.4
Valuation Companies	1	0.3	3	1.2
Other	2	0.6	0	0.0
<b>Total</b>	<b>332</b>	<b>100.0</b>	<b>250</b>	<b>100.0</b>

(\*) In 2012, 45 fines imposed on deposit and participation banks, 12 fines imposed on development and investment banks, 1 fine imposed on independent audit institutions and 2 fines imposed on other institutions relate to information systems.

(\*\*) In 2013, 33 fines imposed on deposit and participation banks and 7 fines imposed on development and investment banks are for non-compliance with legislation on information systems.



PROTECTION OF  
FINANCIAL  
CONSUMERS

Priority goals of the Agency concerning protection of financial consumers have been defined as;

- Focusing more on programs for raising awareness among financial consumers,
- Ensuring that consumers fairly benefit from financial services and are equally treated,
- Improving the process of resolving notices and complaints.

As part of efforts raising awareness among financial consumers, three separate public service spots were prepared and started to be broadcast on national TV channels, concerning use of credit cards, savings target and credit card and bank card password security. Furthermore, work has commenced for establishment of a website for financial consumers ([www.finansaltuketici.gov.tr](http://www.finansaltuketici.gov.tr)) and the website is planned to become operational in 2014.

Third paragraph of Article 4 “Basic principles” of Law No. 6502 on Protection of Consumers, published in the Official Gazette no. 28835 dated 28 November 2013, provides that for goods and services offered to consumers by banks, financial institutions providing consumer credits and institutions issuing cards; any type of fee, commission and expense, other than interest, which are to be charged on the consumer, and the principles and procedures applicable to these, shall be established by the Agency, by receiving the opinions of the Ministry of Custom and Trade, in line with the rationale of the Law and in a manner that protects consumers. In this context, work has commenced for the preparation of “Regulation on Principles and Procedures Applicable to Monetary Elements Collectable from Financial Consumers other Than Interest” and the regulation is planned to be put into force in the second half of 2014.

As a result of work carried out under TBB, with guidance of the Agency, since the beginning of 2013, the Communiqué on Contracts which has ushered a new era in contractual relations between indivi-

dual customers and banks took effect on 01 September 2013. The Communiqué on Contracts;

- Establishes the services which banks may offer to their individual customers as well as the format of contracts they will conclude with individual customers,
- Sets out the main contents of contracts, mutual rights and obligations of parties, and conditions for expiry and termination of contracts,
- Requires the receipt of request from customers separately for each product or service.

On the other hand, in order to identify the extent to which banks comply with principles of good banking in provision of individual services and products, the Agency has defined the Degree of Customer Focus (DCF). DCF basically measures the level of transparency and fairness of banks towards good-will financial customers, and refers to minimization of information asymmetry between banks and customers, including provision of sufficient level of explanatory information on matters like transparency in individual financial services; price, interest rate, early payment conditions concerning products and services marketed to consumers; and sanctions to be imposed in case of contractual violation. DCF also involves fair treatment of customers, avoidance of fees at levels not relevant to cost of services provided, not collecting fees for services not requested by customers, establishment of necessary channels for complaints to be filed by customers, and timely and efficient service provision to customers.

In this framework, created by harmonizing international practices and local needs, DCF consists of four main headings, namely; (1) Sufficiency of explanations and information provided by banks, (2) fair pricing principles, (3) quality of customer relations management, and (4) consumer perception survey results. As of end-2013, the pilot work in 10 banks has been completed and banks have been rated for these aspects.

Pursuant to Board decision published in the Official Gazette no. 28748 dated 27 August 2013, banks have been required to appoint Consumer relations Coordinator, at Deputy General Manager level, in order to ensure that disputes between banks and individual customers are resolved in a timely, efficient and effective manner, to prevent the emergence of grievances among customers, to ensure compliance with legislation and to improve the efficiency of communication channels between the Agency and banks.

The Communiqué on Board of Arbitrators, which has ushered a new era in relations between individual customers and banks, also took effect in 2013. **The new practices introduced by the Communiqué on Board of Arbitrators include the following:**

- The time periods establishing the conditions for admission of applications into the agenda of Board of Arbitrators have been revised and extended.
- It has been provided that disputes between banks and customers shall be resolved by the Board within 90 days at the latest.
- For disputes of up to 2,000 TL, banks have been required to abide by the decisions to be taken by the Board.
- Banks have been required to fulfill the requirements of the decision, and inform both the customer and TBB, within fifteen days from the date of notification of decision.

It is planned to establish a call center to effectively and efficiently conclude the complaints and respond to requests for access to information, communicated by financial consumers to the Agency by phone calls. To this end, a service procurement protocol has been signed between the Agency and Türksat A.Ş. and the technical specifications of the

call center are about to be completed. It is planned to complete technical specifications, receive quotations from companies offering call center services, negotiate other conditions with the company to be selected, train the staff after the designation of the sub-contractor and open the system to service in 2014. Another practice launched in 2013 to effectively evaluate and conclude consumer complaints has been the electronic complaint system. This practice would save time, stationery and labor as it allows for electronically communicating to Board of Arbitrators the complaints, which were previously submitted to the Agency and forwarded to banks in hard copy. As part of this practice, it is planned to establish a web-based system by which each bank can view only the complaints concerning itself, using its own user name and password, and require banks to respond to the problems of complainants within 15 days. The work on the infrastructure of this practice started in 2013, the system's operating principles have been established, system interfaces have been prepared, a test version has been created and is currently being tested by TÜBİTAK. The system is planned to be completed and operationalized in the first half of 2014.

On the other hand, the Agency continued reviewing the notices and complaints filed with the Agency in relation to institutions and subjects covered by the Banking Law as well as notices and complaints filed for the resolution of disputes between the institutions covered by the Law and third persons, other than those that may arise from private legal relations. In this framework, the number of notices and complaints submitted to the Agency in person or by e-mail increased by 23.8% in 2013, relative to the previous year, and reached 16,870.

**Table 12: Distribution of Notices and Complaints Submitted to the Agency, by Subjects**

Subject	2012		2013	
	Number (*)	% Share	Number (*)	% Share
Individual loans (*)	2,648	19.4	2,697	16.0
Fees, Expenses, Commission Charges	2,144	15.7	3,182	18.9
Deposit and Participation Fund Accounts (*)	1,867	13.7	1,345	8.0
Credit Cards (*)	1,774	13.0	1,837	10.9
Negative Loans	676	5.0	1,220	7.2
Corporate Loans (*)	559	4.1	803	4.8
Cheque Problems	138	1.0	143	0.8
ATM Problems	113	0.8	198	1.2
Bad Treatment by Bank Staff	102	0.7	172	1.0
Applications not Responded by Banks	83	0.6	165	1.0
Agency Units and Legal Entity	76	0.6	12	0.1
Financing Companies	73	0.5	63	0.4
Notices	55	0.4	53	0.3
Wealth Investigation	47	0.3	18	0.1
Fund Transfer Transactions (*)	41	0.3	76	0.5
Factoring Companies	37	0.3	37	0.2
Bank Practices pursuant to Specific Laws/Regulations	27	0.2	36	0.2
Financial Leasing Companies	20	0.1	11	0.1
İhlas Finans A.Ş. Liquidation Procedures	19	0.1	25	0.1
SDIF Units and Legal Entity	15	0.1	24	0.1
Internet Banking	12	0.1	28	0.2
Stocks	10	0.1	17	0.1
Court/Public Prosecutor's Office/Judicial Authority Requests	6	0.0	3	0.0
Pledge/Mortgage Issues	5	0.0	16	0.1
Off-shore	5	0.0	2	0.0
Deposit Insurance	2	0.0	6	0.0
Government Borrowing Notes	2	0.0	1	0.0
Job requests	0	0.0	0	0.0
Other	3,070	22.5	4,680	27.7
<b>Total</b>	<b>13,626</b>	<b>100.0</b>	<b>16,870</b>	<b>100.0</b>

(\*) The complaints regarding Fees, expenses and Commission Charges for these items have been separately presented.

When the complaints filed with the Agency are analyzed by their subjects, it is observed that most common complaints concern fees, expenses and commission charges received from deposit and participation fund and banking services. While a marked increase is observed in the share of complaints regarding deposit and participation funds, a decrease is observed in the share of complaints regarding credit cards and individual loans.

As long as the issues subject to complaints do not violate the governing provisions of the Banking Law and Bank Cards and Credit Cards Law No. 5464, the Agency does not intervene in disputes. The distribution of complaints regarding individual loans and credit cards by their subjects is shown in the table below.

**Table 13: Distribution of Complaints Concerning Individual Loans**

Subjects	2012		2013	
	Number (*)	% Share	Number (*)	%Share
Debt Restructuring	992	37.5	938	34.8
Loan not provided	545	20.6	320	11.9
Other	507	19.1	495	18.4
Insurance issues	268	10.1	432	16.0
Guarantors issues	98	3.7	107	4.0
Early Payment	90	3.4	131	4.9
Interest	81	3.1	116	4.3
Release of guarantee	67	2.5	158	5.9
<b>Total</b>	<b>2,648</b>	<b>100.0</b>	<b>2,697</b>	<b>100.0</b>

(\*) Contains data regarding fees, expenses and commission charges. These data are presented separately in Table 16.

Complaints about individual loans increased by 1.9 % relative to the previous year. While complaints have concentrated on the issues of restructuring, expenses and commission charges, the share of expenses and commission charges and insurance issues in total complaints has increased.

The complaints regarding credit cards concentrate on “disputes (disagreement) over amount of debt/credit” with 12,0%. The complaints regarding credit cards have increased by 3,5% relative to the previous year, but a marked change is not observed in the distribution of complaints by subjects.

**Table 14: Distribution of Complaints Concerning Credit Cards\***

Subjects	2012		2013	
	Number (*)	% Share	Number (*)	% Share
Issuance of cards without informing the customer	173	9.8	164	8.9
Disagreement on amount of debt	165	9.3	221	12.0
Credit card not cancelled by the bank	151	8.5	147	8.0
Theft/Loss/Fraud	138	7.8	151	8.2
Debt Restructuring	134	7.6	172	9.4
Account Summary	129	7.3	40	2.2
Insurance issues	67	3.8	69	3.8
Campaign	58	3.3	86	4.7
Applications not Responded by Banks	45	2.5	28	1.5
Interest problems	42	2.4	32	1.7
Issuance of cards in the name of a person with not payment capacity	38	2.1	56	3.1
Credit card/POS device not given	36	2.0	42	2.3
Limit Overrun	23	1.3	27	1.5
Guarantee issues	7	0.4	2	0.1
Automatic payment order	2	0.1	17	0.9
Customer secret	2	0.1	10	0.5
Other	564	31.8	572	31.2
<b>Total</b>	<b>1,774</b>	<b>100.0</b>	<b>1,836</b>	<b>100.0</b>

(\*) Contains data regarding fees, expenses and commission charges. These data are presented separately in Table 16.

On the other hand, the number of applications filed with the Agency for access to information, within the framework of Law No. 4982, increased

by 34.6%. While the applications responded positively by the Agency increased by 15.4%, those responded negatively decreased by 19.7%.

**Table 15: Applications Filed with the Agency Under Law on Access to Information**

Subjects	2012		2013	
	Number	% Share	Number	% Share
Full access to information and documents ensured	176	3.4	1,309	19.1
Partial access to information and documents ensured	116	2.3	428	6.2
Rejected	4,783	93.7	5,054	73.6
Access to information ensured by extracting/separating confidential/secret information	0	0.0	3	0.0
Forwarded to other institutions and authorities	28	0.5	75	1.1
Rejected and sued	0	0.0	0	0.0
<b>Total</b>	<b>5,103</b>	<b>100.0</b>	<b>6,869</b>	<b>100.0</b>

While the share of complaints relating to fees, expenses and commission charges concerning credit cards and individual loans decreased in 2013, the

share of those concerning deposit and participation funds increased from 6.8% to 30.7% relative to the previous year.

**Table 16: Distribution of Complaints concerning Fees, Expenses and Commission Charges**

Distribution of Complaints concerning Fees, Expenses and Commission Charges	2012		2013	
	Number	% Share	Number	% Share
Credit Cards	929	43.3	1,052	33.1
Individual Loans	963	44.9	1,019	32.0
Deposit and Participation Fund Accounts	146	6.8	977	30.7
Corporate Loans	59	2.8	76	2.4
Fund Transfer Transactions	47	2.2	58	1.8
<b>Total</b>	<b>2,144</b>	<b>100.0</b>	<b>3,182</b>	<b>100.0</b>

### Board of Arbitrators for Customer Complaints

Subparagraph (j) of Article 80 of Banking Law requires the establishment of a Board of Arbitrators, within the framework of principles and procedures approved by the Banking Regulation and Supervision Board, to evaluate and resolve disputes between banks that are members of TBB/TKBB and individual customers. Based on this authorization, a Board of Arbitrators for Customer Complaints was established under TBB.

Boards of Arbitrators for Customer Complaints are reconciliation boards established within TBB/TKBB, for which customers may apply for the evaluation of disputes that may arise between banks and their customers in relation to banking services (deposit accounts, consumer loans, cards. etc.) Board of Arbitrators is established to fairly, neutrally and transparently review and resolve the disputes between banks and individual customers. The activities of Board of Arbitrators cover individual banking transactions that have not been litigated and only real persons are eligible for applying to the board. The services offered by the Board of Arbitrators are free of charge. Banks are obliged to abide by the decisions to be taken by the Board of Arbit-

rators for disputes with value of up to 2,000 TL, but judicial remedy is possible.

Depending on the subject of complaint, applications are forwarded to one of the following four boards by TBB:

- Board of Arbitrators for Customer Complaints on Bank Cards and Credit Cards,
- Board of Arbitrators for Customer Complaints on Consumer Loans,
- Board of Arbitrators for Customer Complaints on Insurance Transactions,
- Board of Arbitrators for Customer Complaints on Other Bank Products and Services (for those products and services not covered by the first, second and third articles).

There is only one board of arbitrators for customer complaints under TKBB.

Detailed information about the functioning of “Board of Arbitrators for Customer Complaints” is available at <http://www.tbb.org.tr/tr/tuketiciler-icin/musteri-sikayetleri-hakem-heyeti/hakem-heyeti/91> and <http://www.tkbb.org.tr/musteri-sikayetleri-hakem-heyeti.aspx?pageID=69>.



MANAGEMENT  
INFORMATION  
SYSTEMS

Activities for Management Information Systems refer to production, evaluation and analysis of information about the Agency's activities in a systematic manner as well as their timely transfer to users with minimum uncertainty. In 2013, these activities concentrated on collection of financial system data, their preparation for analysis and making them available for use, executing activities in an electronic environment and improvement of data processing infrastructure.

### **Collection of financial system data, their preparation for analysis and making them available for use**

**Financial Indicator Panel:** the application of Financial Indicator Panel has been developed to enable users at manager level to view information items in graphic and tabular format and produce reports. This application uses the ratios, daily, weekly and monthly information produced by the Agency as well as information from TÜİK, TCMB and BIST.

**Independent Audit Tracking System (BADES):** BADES application has been revised to respond to new needs that have emerged during the use of the application, and new screens have been prepared to facilitate tracking of audit findings in particular. Penetration Test module has been improved to ensure that reports and findings about Penetration tests performed by banks can be submitted to the Agency via the system.

**Interactive Monthly Bulletin Application:** Upon the request for commissioning a new version of the current Monthly Bulletin, the application has been upgraded and the new version which allows for bank-level viewing was launched in June.

**Ratio Application:** Ratio application produces indicative values regarding the financial structure of banks, based on data such as asset quality, sensitivity, resource structure, profitability, equity, liquidity, etc. Ratio application has been re-designed such that the time of creating ratios can be shortened and an easier user interface is offered. The

upgraded application will be launched in 2014, following the completion of tests.

**Financial Analysis Reporting System (MARS):** Efforts for developing the Financial Analysis Reporting System, which will produce reports based on year-end data reported by banks, started in 2013. The application is in testing process and will be launched in 2014.

**Weekly Audit Report Application:** An application that operates integrally with the programs currently used in the Agency, for reports requested by audit reports on a weekly basis has been developed. The application produces reports for users in the format they wish, while performing calculation of current data according to defined formulae. The work for the development of the application was completed in 2013 and is planned to be commissioned in 2014 with some improvements.

**Execution of Activities in Electronic Environment:** Electronic Monitoring of Enforcement and Permit Activities for Banks and Enforcement Activities Internal Control System: Work has commenced on a new version as business requirements have changed due to the expanded use of the application in the Agency in 2013, the change in work flows because of the shift to eDMS in the Agency among other technologic reasons. The system being developed will allow for carrying the current procedures of the Agency into electronic environment and thus ensure continuity of institutional memory as independent of institutions as well as prevent inconsistencies.

**Electronic Document Management System (eDMS):** A bidding process was held for procurement of eDMS system with a view to executing all work flows, document procedures and correspondence in electronic environment. Contract was signed with the winning firm in April and the project started. The equipment required under the contract has been delivered and installed. The former Document Management System was removed from use as of 01 January 2014 and institutional documentation works are now being carried out electronically, with electronic signature through eDMS.

**Banking Product and Service Fees Application:**

Through updates to this application which involves all non-interest fees and legal deductions for the services offered by banks to their customers, such as fees, expenses and commission charges, as well as information about interest rates for some banking products, new screens by which users can rank banks according to various pre-defined fee groups, according to criteria such as maximum amount, maximum rate, etc., have been added to the application so that consumers can be more efficiently informed.

**Strategic Plan Monitoring System (SPMS):**

This system is intended to execute the information request, reporting and evaluation processes, which were previously executed through exchange of letters, in an easier, faster, proper, lower-cost and current way through information systems; enhance transparency regarding results of enforcement across the Agency; and develop a culture and awareness of strategic planning, in relation to activities carried out under strategic plan. The priority modules of SPMS were commissioned as of end-2013. Development work continues for other modules of the application.

**Exam Application Software:** The Exam Application software was upgraded prior to the exam for recruitment of professional staff held in 2013, and new features were added to facilitate the tracking of exam affairs by the Human Resources Directorate.

**Application Improvement Work:** The leave, retirement, staff ID and phone guide, complaint procedures, debit, and audit documentation software applications have been improved.

**e-Complaint Application:** This application has been developed to report consumer complaints to the Agency through a web application, share them with the related institutions and associations of institutions, ensure that they are responded by the related institutions or associations of institutions, enable the complainants to follow up procedures

about their complaints, and enable the Agency to better manage the whole process. Since personal information of complainants will be received in the application, it has been decided to have a penetration test be performed by TÜBİTAK. Communication continues with TÜBİTAK for this purpose. The system is planned to be commissioned after penetration test is completed and deficiencies to be detected in the system are eliminated.

**Improvement of IT Infrastructure**

**Establishment of Emergency Center:** Necessary software and hardware have been procured for the Ankara service building of the Agency in order to ensure operational continuity and service continuity in cases of potential emergencies, and the location of Emergency Center has been decided. The Center is in the process of establishment and is planned to be commissioned in 2014.

**Supply of Computers and Licenses for the Agency's IT System:**

In order to replace the obsolete computers being used by the Agency staff and meet the needs of the newly recruited staff, 134 notebook PCs, 170 All-in-One PCs, 23 desktop PCs and 100 monitors with high-level technology features have been procured. Furthermore, a Corporate Licensing agreement has been signed with a company in order to upgrade the operating systems and office software used by the Agency staff, procure the software for the servers to be used in the system room of the Agency and the Emergency Centers planned to be established, and procure all these with a price advantage.

**Improvement of Video Conference System between Ankara and Istanbul:**

New units have been added to the video conference systems installed in Board meeting halls and other meeting halls at the service buildings in Ankara and Istanbul, and thus audio-video communication is now possible via internet. Encrypted secure access equipment has been procured and installed to ensure security of this communication



COMMUNICATION

## PRESS AND PUBLIC RELATIONS

In line with the principles of transparency and accountability as stipulated in the Banking Law, the Agency has been constantly informing the public and related institutions and organizations, and responding to their information requests, regarding its activities, regulations about the sector and developments in the sector, agreements with national and international organizations and authorities and the results of its research activities.

In this scope, the communication activities for informing the public and sector continued in 2013, and information about the sector was shared with the public through press conferences, press releases and other promotional activities. A total of 39 press releases were issued to inform the public in 2013, including 15 press releases about enforcement activities towards banks, 10 press releases about publications and 6 press releases about Basel II.

**Table 17: Distribution of Press Releases by Subjects**

Subjects	2012		2013	
	Number	% Share	Number	% Share
Enforcement activities towards banks	16	44.4	15	38.5
Publications	11	30.6	10	25.6
Basel II	4	11.1	6	15.4
Institutional activities	1	2.8	2	5.1
Other	4	11.1	6	15.4
<b>Total</b>	<b>36</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>

The Agency has responded to the requests for information from the media regarding regulation and supervision activities, and the documents and materials requested by the media for use in news reports concerning the Agency have been provided to media institutions.

Daily Press Bulletin which is prepared by compiling international newspapers, magazines and financial bulletins and which involves news reports, commentaries and assessments about banking sector and financial markets, is made available to the Agency staff via intranet and is also submitted to the related Deputy Prime Minister.

Various presentations have been made to share information and promote the institutional structure and activities in various events such as conferences and symposia, organized by public agencies, private sector and universities.

Furthermore, the Agency President held a meeting with Association of Economic Correspondents (EMD) in Ankara on 13 February 2013, in which the performance in 2012 and expectations from 2013 were evaluated and discussed.

## RELATIONS WITH DOMESTIC ORGANIZATIONS

Based on Article 98 of Banking Law, views were exchanged and information was shared with Undersecretariat of Treasury, CMB, SDIF and Central Bank in order to ensure coordination and cooperation among agencies in executing monetary, credit and banking policies.

### Financial Sector Commission

Financial Sector Commission, which is responsible for ensuring inter-agency coordination and cooperation and exchange of information, raising joint policy recommendations and conveying comments on matters concerning the future of the sector, in order to improve confidence and stability in the financial markets pursuant to Article 99 of Banking Law, convened on 29 May 2013 and 27 November 2013.

The Commission's meeting in May focused on the agenda items of "Evaluation of Developments in the Financial Sector" and "Evaluation of Developments concerning Istanbul Financial Center Project".

The ordinary meeting held in November focused on the agenda items of "Evaluation of Developments in the Financial Sector" and "Evaluation of Measures for Boosting Domestic Savings Under Basic Policy Texts", and the minutes of meeting including conclusions and assessments have been submitted to the Council of Ministers.

In the ordinary meeting held in November, the proposal of holding subsequent meetings in a thematic context to be determined in line with the comments expressed by member institutions and organizations in the previous meeting, was adopted. In this direction, it was decided to take up the theme of "Data need for monitoring and analysis of financial stability" in the upcoming meeting to be held in May 2014.

### Coordination Committee

The Coordination Committee consisting of the Agency President and Vice Presidents and SDIF President and Vice Presidents, pursuant to Article 100 of Banking Law, is in charge of ensure that maximum cooperation be established between the Agency and the Fund when it is necessary to carry out transactions in the competency of the Fund, with respect to the exchange of information regarding the general status of the banking sector, measures to be taken as a result of the supervision of deposit banks, results of analyses indicating the financial standing of credit institutions to be used in calculating the risk-based insurance premiums, the number of deposit and participation fund accounts, total amount of the insured deposits and participation funds and the total amount of deposits and participation funds in these institutions. The Law provides that the Committee shall convene minimum once every three months, at a frequency to be agreed by the parties and that any of the parties shall provide the information and documents requested by the other parties, within the period to be agreed on. During the Committee meetings held on 27 February 2013, 29 May 2013 and 25 November 2013, information was exchanged about the general status of the banking system, measures to be taken based on the results of audits at credit institutions, calculation of risk-based insurance premiums and the cases in which action needs to be taken by SDIF.

### Systemic Risk Evaluation Group (SREG)

SREG was set up through Systemic Risk Evaluation Group Protocol of Financial Stability Committee dated 30 October 2012, and consists of representatives from Undersecretariat of Treasury, the Agency, SDIF, Central Bank and CMB. The Group convened two times in 2013, on 30 September 2013 and 25 December 2013.

## Financial Stability Committee

Financial Stability Committee, established through Decree-Law no. 637 published in the repeated issue of Official Gazette no. 27958 dated 08 June 2011 is chaired by the Minister for Undersecretariat of Treasury and consists of Undersecretary of Treasury, CMB, Agency and SDIF Presidents.

While the primary function of the Committee is to develop proposals for measures and policies to identify, monitor and mitigate systemic risks that may involve financial system as a whole, the Committee is also responsible for planning, policy development, monitoring and coordination of systemic risk management activities.

### Other Activities

Studies have been conducted for preparing a protocol for the use of Central Registry System (MERSIS) developed by Ministry of Customs and Trade. Following the signing of Protocol, it will be possible to retrieve records from the system for use in control processes towards enhancing the quality of financial reports.

Talks have been held with the Revenues Administration of Ministry of Finance on expanding the existing protocol to allow for retrieval of additional information. The information to be retrieved will be used in control processes for enhancing the quality of financial reports.

Efforts have commenced for signing a protocol with Social Security Information to be able to request information for enhancing the quality of financial reports.

Following the transfer of TCMB (Central Bank) Risk Center to TBB Risk Center, necessary arrange-

ments have been made to ensure access of Agency staff to Risk Center data.

On the other hand, the studies launched to introduce a common format for the same reports received by the Agency and TCMB from banks were completed in 2013. Furthermore, the work for automation of information sharing between the Agency and TCMB was also completed.

## RELATIONS WITH INTERNATIONAL ORGANIZATIONS

**World Bank:** The Agency signed a Bilateral Technical Cooperation Agreement with the World Bank on 17 January 2013. The agreement is intended to ensure cooperation between the parties on organization of training programs and mutual sharing of experience to contribute to the development of financial sector through joint efforts for strengthening the legal, regulatory and institutional structure and identification and dissemination of international best practices with a view to ensuring continuity of financial stability. Based on this agreement, a representative of the Agency started working in the World Bank as a secondee as of September 2013.

In addition, various meetings and joint studies are being held with the World Bank under the coordination of Undersecretariat of Treasury. In this scope, the Agency provides contributions to reports prepared on matters that fall under its field of duty.

**International Monetary Fund (IMF):** Meetings have been held with the IMF missions visiting our country on matters that concern the banking sector and fall under the Agency's field of duty. The Agency has participated in the detailed review meetings held by IMF Technical Mission in relation to

the economic development of member countries, pursuant to Article IV of IMF's Articles of Association. The Agency has also contributed to the work for updating the Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER), which is prepared by IMF.

As part of technical assistance provided by IMF to member countries on various subjects to strengthen human resources, improve the institutional structure and support the formulation of efficient macroeconomic, financial and structural policies; technical assistance has been received from the IMF experts who visited the Agency, on "Combining Credit and Liquidity Risk within the Framework of Macro Stress Test".

**Bank for International Settlements (BIS):** The Agency participates in the meetings of Basel Committee on Banking Supervision (BCBS) established under BIS, held on a quarterly basis in Basel. The Agency also participated in the ongoing activities of sub-committees of BCBS in 2013.

**Organization for Economic Cooperation and Development (OECD):** Within the framework of activities executed under OECD, the Agency has shared experience with other member countries by participating in the meetings of relevant working groups, primarily including the Financial Markets Committee (CMF), and conveyed comments on relevant subjects addressed in the reports prepared by OECD. Furthermore, an Agency staff started working in OECD as a secondee as of September 2013.

**Multilateral Trade System – World Trade organization (WTO):** As part of the activities of WTO, which is a platform that lays down a legal frame-

work on how governments could make their internal trade legislation and regulations and that develops trade relations among countries through collective talks and negotiations, the Agency participated in studies executed under General Agreement on Trade in Services (GATS). In 2013, within the framework of negotiations held with various countries that are in the process of accession to WTO, assessments on banking sector commitments of these countries have been communicated to related authorities. Furthermore, due to a recent congestion in GATS negotiations, a group of WTO member countries are holding talks on concluding a multilateral Trade in Services Agreement (TISA). The Agency has been contributing to relevant parts of these studies and talks being executed under the coordination of Ministry of Economy.

**European Union (EU):** On subjects that fall under the Agency's field of duty, efforts have been made for fulfilling the commitments made under the heading "Capacity to Undertake Membership Obligations" in Turkey National Program for Adoption of EU Acquis, published in the Official Gazette no. 27097 dated 31 December 2008, and the Ministry of EU Affairs has been informed about the efforts.

The Agency has informed the Ministry of EU Affairs about the developments achieved in areas falling under the mandate of the Agency, to contribute to both the Progress Report, prepared by the EU Commission and laying down the progress achieved by Turkey in the process of EU accession, and to the Progress Report prepared by Turkey, the first one of which was published in 2012 and the second one in 2013.

Furthermore, the Agency has participated in meetings regarding chapters that fall under its mandate, as part of the “Positive Agenda” initiative which is intended to give impetus to the EU-Turkey relations and which plays a complementary role for the accession process.

**Black Sea Economic Cooperation (BSEC):** Our country has been acting as the Coordinator Country in the Bank and Finance Working Group under Black Sea Economic Cooperation (BSEC), and this role has been extended for two more years as from 01 July 2013. The Agency has prepared an Action Plan for the activities of Bank and Finance Working Group and submitted it to the Ministry of Foreign Affairs, to be forwarded to BSEC member countries. In this framework, the Bank and Finance Working Group held a meeting at the Agency on 28-29 November 2013.

**Islamic Financial Services Board (IFSB):** Our Agency has contributed, as a full member, to the activities of IFSB which was established in 2002 to develop and disseminate best practices and ensure standardization concerning the regulation and

supervision of Islamic financial services. Related staff of the Agency has participated in the working groups operating under IFSB and comments have been given on the reports prepared and questionnaire forms sent.

**Banking Supervisors from Central and Eastern Europe (BSCEE):** In 2013, the Agency became a member of BSCEE, which was established in 1991 in Budapest with supervision authorities from 7 countries with a view to supporting the research and training activities of members, encouraging close relations and communication between the banking supervision authorities of the region and develop opportunities for sharing audit techniques, experience and information. The Agency has started contributing to the activities of the organization which currently has 23 members.

Besides the activities mentioned above, 50 meetings were held with representatives of, international organizations and foreign banks in 2013, and participants were informed about the banking sector in general and the economic outlook.

## RELATIONS WITH OTHER AGENCIES ON LEGAL AFFAIRS

In 2013, the Agency continued following up, defending and resolving the proceedings or disputes involving the Agency at judicial and administrative authorities and execution offices.

98% of the suits involving the Agency are administrative suits. This is due to the full remedy suits filed for indemnification of alleged losses incurred in connection with the Treasury bill sales and deposit transactions carried out by T. İmar Bankası T.A.Ş., whose permit for carrying out banking transactions and accepting deposits has been revoked, and the suits filed by the small shareholders of Demirbank T.A.Ş. Other administrative suits consist of cancellation and full remedy suits filed against the various administrative actions of the Agency and Board pursuant to both the banking legislation and the general legislation.

On the other hand, the Agency also follows up the criminal suits initiated as a result of criminal complaints filed by the Agency itself and the civil suits filed by or against the Agency. In addition, the Agency responded to 433 warrants sent by various courts and Public Prosecutor's Offices in 2013.

Furthermore, a total of 174 opinions have been given to sectoral organizations, Ministries and other public agencies and institutions in response to requests for opinion, aimed at eliminating hesitations that may be faced in the practical enforcement of regulations. These opinions concern a wide variety of subjects, ranging from enforcement of banking legislation to draft regulations, international memoranda of understanding signed between the Agency and the regulatory and supervisory authorities of other countries, and practical problems about staff regime, etc.

**Table 18: Suits Involving the Agency**

Types of Suits	2012		2013	
	Number	%	Number	%
Administrative suits	25,363	98.5	26,547	98.4
Suits concerning T. İmar Bankası T.A.Ş.	23,723	92.1	24,203	89.8
Suits concerning Demirbank T.A.Ş.	1,173	4.6	1,925	7.1
Other administrative suits	467	1.8	419	1.5
Criminal suits	168	0.7	216	0.8
Civil suits	199	0.8	212	0.8
<b>Total</b>	<b>25,730</b>	<b>100.0</b>	<b>26,975</b>	<b>100.0</b>
Number of pending suits	22,907	89.1	25,479	94.5
Number of finalized suits	2,823	10.9	1,496	5.5
<b>Total</b>	<b>25,730</b>	<b>100.0</b>	<b>26,975</b>	<b>100.0</b>



AGENCY  
RESOURCES

## HUMAN RESOURCES

Pursuant to Article 92 of the Banking Law, the permanent duties and services necessitated by duties and services assigned to the Agency are fulfilled by the career staff consisting of sworn bank auditors and assistant sworn bank auditors and banking specialists and assistant banking specialists, legal specialists and assistant legal specialists, IT specialists and assistant IT specialists as well as other administrative staff. Vice Presidents, department heads, directors, President’s advisors and the career staff are employed under contracts signed for their positions. The Agency staff employed under contracts signed for their positions are subject to the Civil Servants Law No. 657 excluding their remunerations, financial

and social rights, and the other staff are subject to the Civil Servants Law No. 657 in terms of all their rights and obligations.

The total number of staff positions in the Agency is 867 according to Table (I) annexed to Banking Law, and the ratio of staff other than those employed under executive, advisor and career staff positions to total number of staff has been limited to 30%.

As of end-2013, 594 staff members are employed under executive, advisor and career staff positions in the Agency, and 73% of the staff consists of professional staff.

**Table 19: Distribution of the Agency’s Total Staff Number**

Groups	2010	%Share	2011	%Share	2012	%Share	2013	%Share
Executive	20	3.8	18	3.5	13	2.5	16	2.7
Advisor	12	2.2	13	2.5	13	2.5	12	2
Professional staff	359	69.5	363	70.1	361	69.8	435	73.2
Other staff	130	24.5	124	23.9	130	25.2	131	22.1
<b>Total</b>	<b>531</b>	<b>100.0</b>	<b>518</b>	<b>100.0</b>	<b>517</b>	<b>100.0</b>	<b>594</b>	<b>100.0</b>

In determining and meeting the human resources need, the principle of executing activities with sufficient quantity and quality of staff is observed, by taking into consideration the mission and vision of the Agency. In this framework, recruitment exams were held in May and November 2013 to meet the need for professional staff. Among those who succeed in these exams, recruitment procedures were completed

for 29 assistant sworn bank auditors, 46 assistant banking specialists and 8 BRSA assistant specialists as of end-2013. Furthermore, 7 staff members were recruited to meet the other human resources needs of the Agency.

As for the seniority of career staff as of end-2013, 45% of the staff has a seniority of 5 - 10 years, and 24% has a seniority of 1 - 3 years.

**Table 20: Distribution of Career Staff by Seniority**

Groups	2011	%Share	2012	%Share	2013	%Share
<b>Sworn bank auditors</b>	<b>155</b>	<b>100</b>	<b>151</b>	<b>100</b>	<b>175</b>	<b>100</b>
20+ years	8	5	8	5	7	4
10-20 years	21	14	18	12	16	9
5-10 years	92	59	91	60	91	52
3-5 years	0	0	5	4	15	9
1-3 years	34	22	29	19	46	26
<b>Banking specialists</b>	<b>208</b>	<b>100</b>	<b>210</b>	<b>100</b>	<b>252</b>	<b>100</b>
20+ years	9	4	17	8	21	8
10-20 years	76	37	74	35	67	27
5-10 years	105	50	100	48	103	41
3-5 years	0	0	10	5	12	5
1-3 years	18	9	9	4	49	19
<b>BRSA specialists</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>100</b>
1-3 years	0	0	0	0	8	100
<b>Total Career Staff</b>	<b>363</b>	<b>100</b>	<b>361</b>	<b>100</b>	<b>435</b>	<b>100</b>
20+ years	17	5	25	7	28	6
10-20 years	97	27	92	26	83	19
5-10 years	197	54	191	53	194	45
3-5 years	0	0	15	4	27	6
1-3 years	52	14	38	10	103	24

As for distribution by age as of end-2013; 77% of the staff is aged 40 years and younger, and the age group 31-40 has the largest share with 51% among age groups.

As of end-2013, 93% of the Agency’s 594 Agency staff members have bachelor’s and higher deg-

ree, and those with master’s and doctorate degree account for 28% of the total number of staff.

Furthermore, in terms of the fields of education of the staff with bachelor’s degree, staff members are largely have degrees in economic and administrative sciences.

**Table 21: Age Distribution of Staff**

Age Groups	2012		2013	
	Number	% Share	Number	%Share
Up to 31 years	103	20	151	25
31-40 years	281	54	304	51
41-50 years	101	20	104	18
51 years and older	32	6	35	6
<b>Total</b>	<b>517</b>	<b>100</b>	<b>594</b>	<b>100</b>

**Table 22: Number of Staff by Professional Status and Levels of Education**

Groups	Associate Degree		Bachelor's Degree		Master's Degree		Doctorate Degree		Other	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Executive	-	-	1	2	10	10	2	4	-	-
Advisor	-	-	8	7	3	4	2	1	-	-
Professional staff	-	-	237	295	115	131	9	9	-	-
Other staff	18	19	75	78	9	9	1	-	27	25
Total	18	19	321	382	137	154	14	14	27	25
%Share	4	3	62	65	26	26	3	2	5	4

**Table 23: Distribution of Staff by Fields of Degree**

Fields of Degree	2012		2013	
	Number	% Share	Number	%Share
Economic and Administrative Sciences	361	76	410	74
Law	36	8	43	8
Engineering	41	9	54	10
Mathematics-Statistics	16	3	23	4
Other	18	4	20	4
<b>Total</b>	<b>472</b>	<b>100</b>	<b>550</b>	<b>100</b>

In order to improve existing human resources, the career staff and other staff participate in in-service training, domestic and overseas courses, seminars and similar training activities as well as graduate programs to improve their respective knowledge and skills, monitor their development in the profession and update themselves.

In 2013, a total of 1,749 staff members participated 6,176 days of domestic and overseas training

programs. While the number of training days per participant has been 3.5, the number of training days per career staff member has been 12.3.

As for the distribution of training activities by subjects; training programs on general banking, risks and computer are in the first three places in terms of number of participants. In 2013, a total of 461 participants received training on general banking, 264 on risks and 223 on computer.

**Table 24: Domestic and Overseas Training Activities**

	Change relative to previous year (%)			
	2012	2013	2012	2013
Number of participants	1,209	1,749	-8.1	44.6
Number of days	3,422	6,176	-25.9	81.5
Number of days per participant	2.8	3.5	-19.3	25.0
Number of days per professional staff member	8.3	12.3	-25.9	48.1

**Table 25: Training Activities by Subjects**

Subjects	No. of Participants		No. of Days	
	2012	2013	2012	2013
General banking	157	461	556	1,728
Risk	85	264	327	822
Computer	156	223	470	1,182
Audit	116	158	367	384
Law	176	144	371	295
Economics	185	139	537	437
Personal development	28	105	28	301
Accounting	107	72	319	374
Money laundering	37	10	45	23
Other (EU, legislation, etc.)	162	173	382	630
<b>Total</b>	<b>1,209</b>	<b>1,749</b>	<b>3,402</b>	<b>6,176</b>

Among the training activities such as courses, seminars, conferences organized by international organizations and banking authorities of other countries on matters such as general banking,

economics, risk management and similar professional subjects, FDIC, BIS and IMF are in the first three places in terms of number of training days, with 142, 115 and 112 days, respectively.

**Table 26: Distribution of Overseas Training Activities by Organizing Institutions**

Organizations	No. of Days		% Share	
	2012	2013	2012	2013
FDIC	91	142	11.8	16.3
BIS	74	115	9.6	13.2
IMF	114	112	14.7	12.9
Equivalent Authorities	72	84	9.3	9.6
FED	86	66	11.1	7.6
WB	13	44	1.7	5.0
IFSB	22	42	2.8	4.8
OCC	30	30	3.9	3.4
OECD	72	29	9.3	3.3
FSI	23	6	3.0	0.6
ECB	4	-	0.5	-
Other	173	196	22.4	22.6
<b>Total</b>	<b>774</b>	<b>866</b>	<b>100.0</b>	<b>100.0</b>

In 2013, 15 career staff were sent to overseas graduate programs in universities of USA and UK, in the fields of banking, finance, economics, business administration, statistics, econometrics, accounting, mathematics, international relations, engineering and law. In addition, 69 career staff of the Agency attended foreign language courses in Turkey to improve their knowledge of foreign language.

As for the distribution of domestic training activities by subjects; training programs on general banking, risks and computer software are in the first three places in terms of number of participants, with 397, 235 and 153 participants, respectively.

**Table 27: Distribution of Domestic Training Activities by Subjects**

Subjects	No. of Participants		No. of Days	
	2012	2013	2012	2013
General banking	128	397	428	1.570
Risk	55	235	222	740
Office software	95	153	285	927
Law	169	143	351	290
Personal development	28	105	28	301
Economics	139	81	321	214
Accounting	104	71	311	369
Audit	45	66	137	88
Computer software and systems	48	59	139	212
Money laundering	34	8	34	13
Other (*)	159	158	372	586
<b>Total</b>	<b>1,004</b>	<b>1,476</b>	<b>2,628</b>	<b>5,310</b>

(\*) General banking, economics, law, legislation, etc. training programs organized by TBB, OECD, TCMB, consulting firms and other similar institutions and organizations.

In 2013, overseas education expenditures grew by 10.6% relative to the previous year and reached 6.1 million TL, while overseas training expenditures grew by 104.6% and reached 493,000 TL. Total education and training expenditures grew by 14.5 %

and reached 6.6 million TL in 2013. The share of total education and training expenditures in the Agency's expenditures declined by 0.4 percentage points and became 6.6%.

**Table 28: Education & Training Expenditures**

(1,000 TL)	2008	2009	2010	2011	2012	2013
Overseas Education Expenditures*	2,385	2,237	1,795	3,389	5,503	6,086
Domestic and Overseas Training expenditures	262	132	228	392	241	493
Total Education & Training Expenditures	2,647	2,369	2,022	3,781	5,744	6,579
<b>Share in total expenditures (%)**</b>	<b>4,8</b>	<b>3,9</b>	<b>3,1</b>	<b>5,1</b>	<b>7,0</b>	<b>6,6</b>

\*Including salaries paid to staff attending graduate education abroad.

\*\* Excluding the 172.9 million TL one-time land purchase cost in 2009 and 2010.

## INFORMATION SOURCES

The Agency's Library is one of the leading specialized libraries in our country, established to offer current domestic and foreign information sources, in both hardcopy and softcopy, in the light of changes in the financial sector and the needs of the sector, and organize them in line with the modern understanding of library.

The library which is accessible by bankers, academicians, researchers, undergraduate, graduate and doctorate students, public and private sector employees, besides the own staff of the Agency, also provides lending and database services to the Agency staff. External users can use the library through booking during office hours on weekdays.

In 2013, efforts for enriching the library contents continued by following up current domestic and foreign information sources in the field of banking

and finance. As part of electronic library services, domestic and foreign database subscriptions were updated, and with new database subscriptions, the collection of electronic sources has been improve relative to past years. In this framework, 567 new books mainly on economics, banking law and audit were acquired, and subscriptions were made for 11 new periodicals and 4 databases in 2013.

On the other hand, in order to more efficiently use the library spaces, the excess copies of those movable pieces of documents which came to the library free of charge between 2000 and 2013 and are physically damaged or are electronically accessible have been deleted from the inventory list of the Agency, and some of the abolished TBB Library collections have been transferred to the Agency's library collection.

**Table 29: Distribution of the Agency's Information Sources**

Types of Materials	Total as of End-2012		Added in 2013		Deleted from Inventory in 2013		Total as of End-2013	
	Ankara	İstanbul	Ankara	İstanbul	Ankara	İstanbul	Ankara	İstanbul
Books	12,045	4,986	315	252	1,233	800	11,127	4,438
Turkish periodicals	190	77	8	3	-	-	198	80
Foreign periodicals	33	21	-	-	31	19	2	2
Turkish databases	5	2	2	2	-	-	7	4
Foreign databases	23	22	2	3	4	4	21	21
Audio-Visual Materials	246	85	16	-	21	49	241	36

## FINANCIAL RESOURCES

### Budget Implementation Results

Article 17 of Public Financial Management and Control Law No. 5018 provides that regulatory and supervisory authorities prepare their budgets according to understanding of three-year budgeting, strategic plans and performance goals, and institutional, functional and economic classification system. The Agency's budget prepared in line with the provisions of the referred Law and adopted through Board decision no. 4961 dated 28 September 2012, was also ratified by the Parliament and put into force as part of 2013 Central Government Budget Law

No. 6363, published in the repeated issue of Official Gazette no. 28514 dated 31 December 2012.

While the expense participation share revenues, collectible from banks and other institutions covered by supervision, was projected as 190 million TL in the referred budget, it realized as 189 million TL as of end-year. While the rate of participation share revenues in 2013 revenues actualized as 95%, the remaining 5% consisted largely of interest revenues from deposit accounts and other revenues.

**Table 30: Revenue Budget and Actualizations**

	1,000 TL					
	Budget		Actualization		Difference (Act. – Bud.)	
	2012	2013	2012	2013	2012	2013
Participation share revenues	158,000	190,100	156,202	188,998	-1,798	-1,102
Other Revenues	7,000	9,900	10,890	9,733	3,890	-167
Interest revenues	6,200	9,200	10,615	9,548	4,415	348
Other miscellaneous revenues	800	700	275	185	-525	-515
<b>Total</b>	<b>165,000</b>	<b>200,000</b>	<b>167,092</b>	<b>198,731</b>	<b>2,092</b>	<b>-1,269</b>

2013 Budget provides that the Agency's funds may be invested in government domestic borrowing notes, foreign exchange deposit account or TL time deposit account. In this context, an interest revenue of 9.5 million TL was generated as of end-2013 by investing the Agency's funds within the framework of the provisions of Public Treasury Communiqué.

On the other hand, approximately 899.7 million TL of 200 million TL budget allocation was spent in 2013. The largest expenditure items in total ex-

penditure were staff expenditures with 54.8 million TL and goods and services procurement with 34.9 million TL. In this framework, distribution of total expenditure is as follows:

- Staff expenditures - 55%,
- Goods and services procurement - 35%
- Social security contributions paid for Agency staff - 3.6%
- Current transfers - 1.2%
- Capital expenditures - 5.2%.

**Table 31: Budget Allocation and Expenditure Actualizations**

1,000 TL

Expenditure Item	Initial Allocation		Disposable Budget Allocation		Expenditures		Outstanding	
	2012	2013	2012	2013	2012	2013	2012	2013
Staff exp.	57,088	65,487	57,088	71,317	47,185	54,826	9,903	16,491
SSI Contr. Exp.	3,788	4,247	3,788	4,847	2,987	3,600	801	1,247
Goods and Services	38,170	45,361	40,436	48,606	31,822	34,934	8,614	13,672
Current Transfers	560	1,214	905	1,314	899	1,190	6	124
Capital Expenditures	65,394	83,691	62,783	73,916	300	5,166	62,483	68,750
<b>Total</b>	<b>165,000</b>	<b>200,000</b>	<b>165,000</b>	<b>200,000</b>	<b>83,193</b>	<b>99,716</b>	<b>81,807</b>	<b>100,284</b>

The biggest component of goods and services procurement item was the rental fee paid for the Agency's service buildings in 2013.

As for the distribution of the Agency's expenditures by functions in 2013, support services had the largest share with some 33%, followed by audit and information management functions with 20% and 12%, respectively.

**Table 32: 2013 Budget Final Account**

Expenditure Unit	1,000 TL			
	Initial Allocation	Disposable Allocation	Expenditures	Outstanding
Department of Support Services	119,778	108,329	33,041	75,288
Department of Information Management	13,300	17,255	12,368	4,887
Principal Clerk's Office	12,422	14,682	11,147	3,535
Audit Department - III	6,260	7,251	6,094	1,157
Audit Department - I	7,430	7,635	5,688	1,947
Audit Department - II	6,680	6,976	5,296	1,680
Department of Legal Affairs	5,180	5,902	4,678	1,224
Department of Strategy Development	9,930	7,251	3,697	3,554
Audit Department - IV	3,310	3,523	3,139	384
Department of Regulations	2,450	3,524	3,094	430
Department of Risk Management	4,080	3,853	2,657	1,196
Enforcement Department - I	3,180	3,247	2,561	686
Enforcement Department - II	2,070	2,413	2,103	310
Enforcement Department - III	2,320	2,367	1,922	445
Department of Access to Information	0	4,018	1,361	2,657
Department of Foreign Relations	1,610	1,749	855	894
Department of Economic Assessments	0	25	15	10
<b>Grand Total</b>	<b>200,000</b>	<b>200,000</b>	<b>99,716</b>	<b>100,284</b>

## FINANCIAL STATEMENTS

Balance sheet total of the Agency grew by approximately 10%, relative to the past year, and reached 489.1 million TL as of end-2013.

Among the assets, liquid assets which almost entirely consist of bank accounts had the largest share with 310.1 million TL, followed by fixed assets with 176.1 million TL.

On the liabilities side, the largest items were shareholders' equity with 273.2 million TL and income relating to future periods and expense accruals with 212.8 million TL. Of the 3.1 million short-term debt of the Agency, 2.3 million TL represents the tax debt for December 2013, which was paid in January 2014.

**Table 33: Summary Balance Sheet**

	1,000 TL	
<b>Assets</b>	<b>2012</b>	<b>2013</b>
1. Total Current Assets	273,985	313,016
1.1 Liquid Assets	265,029	310,091
1.2 Trade Receivables	7,147	945
1.3 Other Receivables	219	79
1.4 Inventories	15	74
1.5 Long-Term Prepaid Expenses	1,575	0
1.6 Other Current Assets	0	1,827
2. Total Fixed Assets	173,770	176,079
2.1 Tangible Fixed Assets	173,770	174,218
2.1.1 Tangible Fixed Assets (gross)	180,385	182,539
2.1.2 Accumulated Depreciation	-6,615	-8,321
2.2 Intangible Fixed Assets	0	0
2.2.1 Rights	2,120	4,480
2.2.2 Accumulated Depreciation	-2,120	-4,480
2.3 Long-Term Prepaid Expenses	0	1,861
<b>Total Assets</b>	<b>447,755</b>	<b>489,095</b>
<b>Liabilities</b>	<b>2012</b>	<b>2013</b>
1. Total Current Liabilities	2,409	3,084
1.1 Fiscal Payables	0	0
1.2 Trade Payables	293	602
1.3 Other Payables	80	172
1.4 Taxes Payable and Other Fiscal Liabilities	2,036	2,310
2. Total Long-Term Liabilities	188,999	212,771
2.1 Income relating to future periods and expense accruals	188,999	212,771
3. Total Shareholders' Equity	256,347	273,240
3.1 Accumulated Positive Operating Results	255,075	169,152
3.2 Accumulated Negative Operating Results	-83,097	0
3.3 Net Value (Asset Inventory)	489	2,921
3.4 Positive Operating Result for the Period	83,880	101,167
<b>Total Liabilities</b>	<b>447,755</b>	<b>489,095</b>

**Table 34: Net Income Statement**

Income – Expense Item	1,000 TL	
	2012	2013
1. Participation share income etc.	156,202	189,318
2. Sales allowances	0	0
3. Net income (1-2)	156,202	189,318
4. Cost of Sales	0	0
5. Operating Expenses	83,137	99,022
6. Operating Profit or Loss (3-5)	73,065	90,296
7. Income from Other ordinary Operations	10,823	10,894
8. Expense from Other ordinary Operations	8	23
9. Financing Expenses	0	0
10. Extraordinary Income	0	0
11. Extraordinary Expense and Loss	0	0
<b>Result for the Period (6 + 7 – 8 – 9 + 10 – 11)</b>	<b>83,880</b>	<b>101,167</b>

Pursuant to Article 78 of Law No. 5018 and Article 101 of Banking Law, the income-expense difference of the Agency as of year-end is transferred to the account of Ministry of Finance Central Accounting Unit, for registration as income to

General Budget. According to these and other provisions, 101.2 million TL was transferred to General Budget, as difference of income and expense, in 2013 and the total amount transferred from the Agency's budget to the General Budget to date reached 585.9 million TL.

### Financial Audit of the Agency

Article 101 of Banking Law provides that the Agency shall be subject to Law No. 5018 concerning external audit. In this framework, the-

post-expenditure external audit of the Agency is performed by the Supreme Court of Public Accounts.

**Table 35: Transfers to General Budget**

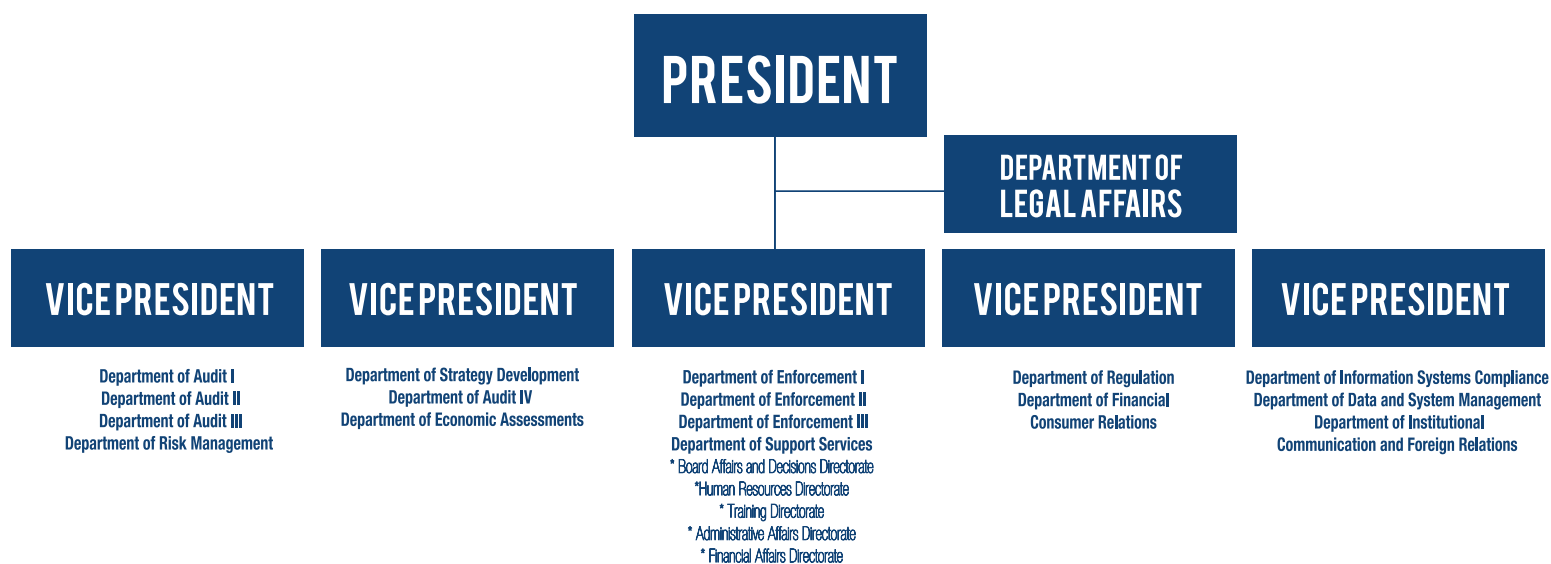
	2003-2011	2012	2013	Total
Million TL	400.8	83.9	101.2	585.9
Million TL (*)	701.4	89.9	101.2	892.6
Million USD	287.6	46.6	45.6	379.8

(\*) Reflects the transferred amounts in February 2014 prices, as updated using Consumer Prices Index (2003=100)



# ANNEXES

**ANNEX-1: NEW “REGULATION ON ORGANIZATION OF BANKING REGULATION AND SUPERVISION AGENCY” PUBLISHED IN THE OFFICIAL GAZETTE NO. 28943 DATED 16 MARCH 2014**



**ANNEX-2: INSTITUTIONS COVERED BY THE MANDATE OF THE AGENCY (AS OF 31 DECEMBER 2013)**

**LINE NO TYPE/NAME OF INSTITUTIONS**

**BANKS (\*)**

1	İLLER BANKASI A.Ş.
2	İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
3	TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
4	TÜRKİYE KALKINMA BANKASI A.Ş.
5	ADABANK A.Ş.
6	BİRLEŞİK FON BANKASI A.Ş.
7	AKTİF YATIRIM BANKASI A.Ş.
8	DİLER YATIRIM BANKASI A.Ş.
9	GSD YATIRIM BANKASI A.Ş.
10	NUROL YATIRIM BANKASI A.Ş.
11	TAIB YATIRIMBANK A.Ş.
12	TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
13	BANKPOZİTİF KREDİ VE KALKINMA BANKASI A.Ş.
14	MERRILL LYNCH YATIRIM BANK A.Ş.
15	STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
16	T.C. ZİRAAT BANKASI A.Ş.
17	TÜRKİYE HALK BANKASI A.Ş.
18	TÜRKİYE VAKIFLAR BANKASI T.A.O.
19	AKBANK T.A.Ş.
20	ANADOLUBANK A.Ş.
21	FİBABANKA A.Ş.
22	ŞEKERBANK T.A.Ş.
23	TEKSTİL BANKASI A.Ş.
24	TURKISH BANK A.Ş.
25	TÜRK EKONOMİ BANKASI A.Ş.
26	TÜRKİYE GARANTİ BANKASI A.Ş.
27	TÜRKİYE İŞ BANKASI A.Ş.
28	YAPI VE KREDİ BANKASI A.Ş.
29	ALTERNATİFBANK A.Ş.
30	ARAP TÜRK BANKASI A.Ş.
31	BANK OF TOKYO MITSUBISHI UFJ TURKEY A.Ş.
32	BURGAN BANK A.Ş.
33	CITIBANK A.Ş.

34	DENİZBANK A.Ş.
35	DEUTSCHE BANK A.Ş.
36	FİNANSBANK A.Ş.
37	HSBC BANK A.Ş.
38	ING BANK A.Ş.
39	ODEA BANK A.Ş.
40	TURKLAND BANK A.Ş.
41	BANK MELLAT
42	HABİB BANK LİMİTED
43	JP MORGAN CHASE BANK NATIONAL ASSOCIATION
44	SOCIETE GENERALE S.A.
45	THE ROYAL BANK OF SCOTLAND PLC.
46	ALBARAKA TÜRK KATILIM BANKASI A.Ş.
47	ASYA KATILIM BANKASI A.Ş.
48	KUVEYT TÜRK KATILIM BANKASI A.Ş.
49	TÜRKİYE FİNANS KATILIM BANKASI A.Ş.

#### FINANCIAL LEASING COMPANIES

1	A&T FİNANSAL KİRALAMA A.Ş.
2	AK FİNANSAL KİRALAMA A.Ş.
3	ALTERNATİF FİNANSAL KİRALAMA A.Ş.
4	ANADOLU FİNANSAL KİRALAMA A.Ş.
5	ARI FİNANSAL KİRALAMA A.Ş.
6	BİLMAR FİNANSAL KİRALAMA A.Ş.
7	BNP PARİBAS FİNANSAL KİRALAMA A.Ş.
8	BURGAN FİNANSAL KİRALAMA A.Ş.
9	CİTİLEASE FİNANSAL KİRALAMA A.Ş.
10	DE LAGE LANDEN FİNANSAL KİRALAMA A.Ş.
11	DENİZ FİNANSAL KİRALAMA A.Ş.
12	ENKA FİNANSAL KİRALAMA A.Ş.
13	FFK FON FİNANSAL KİRALAMA A.Ş.
14	FİNANS FİNANSAL KİRALAMA A.Ş.
15	GARANTİ FİNANSAL KİRALAMA A.Ş.
16	HALIÇ FİNANSAL KİRALAMA A.Ş.
17	HALK FİNANSAL KİRALAMA A.Ş.
18	HARMAN FİNANSAL KİRALAMA A.Ş.
19	ING FİNANSAL KİRALAMA A.Ş.
20	İŞ FİNANSAL KİRALAMA A.Ş.
21	KAYNAK FİNANSAL KİRALAMA A.Ş.

22	KENT FİNANSAL KİRALAMA A.Ş.
23	MERCEDES-BENZ FİNANSAL KİRALAMA TÜRK A.Ş.
24	PAMUK FİNANSAL KİRALAMA A.Ş.
25	RBS FİNANSAL KİRALAMA A.Ş.
26	SİEMENS FİNANSAL KİRALAMA A.Ş.
27	ŞEKER FİNANSAL KİRALAMA A.Ş.
28	TURKİSH FİNANSAL KİRALAMA A.Ş.
29	VAKIF FİNANSAL KİRALAMA A.Ş.
30	VFS FİNANSAL KİRALAMA A.Ş.
31	YAPI KREDİ FİNANSAL KİRALAMA A.O.
32	YATIRIM FİNANSAL KİRALAMA A.Ş.
33	ZİRAAT FİNANSAL KİRALAMA A.Ş.

## FACTORING COMPANIES

1	ABC FAKTORİNG A.Ş.
2	ACAR FAKTORİNG A.Ş.
3	ACL FAKTORİNG A.Ş.
4	AK FAKTORİNG A.Ş.
5	AKDENİZ FAKTORİNG A.Ş.
6	AKIN FAKTORİNG A.Ş.
7	ANADOLU FAKTORİNG A.Ş.
8	ANALİZ FAKTORİNG A.Ş.
9	AR FAKTORİNG FİNANSAL HİZMETLER A.Ş.
10	ARENA FAKTORİNG A.Ş.
11	AS FAKTORİNG A.Ş.
12	ATAK FAKTORİNG HİZMETLERİ A.Ş.
13	ATILIM FAKTORİNG A.Ş.
14	BAŞER FAKTORİNG A.Ş.
15	BAYRAMOĞLU FAKTORİNG A.Ş.
16	BERG FAKTORİNG A.Ş.
17	C FAKTORİNG A.Ş.
18	CE-SA FAKTORİNG A.Ş.
19	CREDITWEST FAKTORİNG A.Ş.
20	ÇAĞDAŞ FAKTORİNG A.Ş.
21	ÇÖZÜM FAKTORİNG A.Ş.
22	DEĞER FAKTORİNG A.Ş.
23	DEMİR FAKTORİNG A.Ş.
24	DENİZ FAKTORİNG A.Ş.

25	DESTEK FAKTORİNG A.Ş.
26	DEVİR FAKTORİNG A.Ş.
27	DOĞA FAKTORİNG A.Ş.
28	DOĞAN FAKTORİNG A.Ş.
29	EKO FAKTORİNG A.Ş.
30	EKSPO FAKTORİNG A.Ş.
31	EREN FAKTORİNG A.Ş.
32	ERİŞİM FAKTORİNG A.Ş.
33	FİBA FAKTORİNG A.Ş.
34	FİNANS FAKTORİNG A.Ş.
35	FİRST FACTORİNG A.Ş.
36	GARANTİ FAKTORİNG HİZMETLERİ A.Ş.
37	GİRİŞİM FAKTORİNG A.Ş.
38	GLOBAL FAKTORİNG HİZMETLERİ A.Ş.
39	HALK FAKTORİNG A.Ş.
40	HUZUR FAKTORİNG A.Ş.
41	ING FAKTORİNG A.Ş.
42	İŞ FACTORİNG FİNANSMAN HİZMETLERİ A.Ş.
43	KAPİTAL FAKTORİNG A.Ş.
44	KATAR FAKTORİNG A.Ş.
45	KENT FACTORİNG A.Ş.
46	KIBRIS İKTİSAT FAKTORİNG A.Ş.
47	KREDİ ALTA FAKTORİNG A.Ş.
48	KREDİ FİNANS FAKTORİNG HİZMETLERİ A.Ş.
49	LİDER FAKTORİNG A.Ş.
50	MAKRO FAKTORİNG A.Ş.
51	MERKEZ FAKTORİNG A.Ş.
52	MERT FİNANS FAKTORİNG HİZMETLERİ A.Ş.
53	MET-AY FAKTORİNG A.Ş.
54	MNG FACTORİNG A.Ş.
55	OPTİMA FAKTORİNG HİZMETLERİ A.Ş.
56	PAMUK FACTORİNG A.Ş.
57	PARA FİNANS FAKTORİNG A.Ş.
58	PRİME FAKTORİNG HİZMETLERİ A.Ş.
59	SARDES FAKTORİNG A.Ş.
60	STRATEJİ FAKTORİNG A.Ş.
61	SÜMER FAKTORİNG HİZMETLERİ A.Ş.

62	ŞEKER FAKTORİNG A.Ş.
63	ŞİRİNOĞLU FAKTORİNG A.Ş.
64	TAM FAKTORİNG A.Ş.
65	TEB FAKTORİNG A.Ş.
66	TEKSTİL FAKTORİNG A.Ş.
67	TREND FAKTORİNG A.Ş.
68	TUNA FAKTORİNG A.Ş.
69	TURKISH FAKTORİNG A.Ş.
70	ULUSAL FAKTORİNG A.Ş.
71	VAKIF FİNANS FACTORING HİZMETLERİ A.Ş.
72	VDF FAKTORING HİZMETLERİ A.Ş.
73	YAPI KREDİ FAKTORİNG A.Ş.
74	YAŞAR FAKTORİNG A.Ş.
75	YEDİTEPE FAKTORİNG A.Ş.
76	ZORLU FAKTORİNG A.Ş.

#### FINANCING COMPANIES

1	ALJ FİNANSMAN A.Ş.
2	DD KONUT FİNANSMAN A.Ş.
3	KOÇ FİAT KREDİ FİNANSMAN A.Ş.
4	KOÇ FİNANSMAN A.Ş.
5	MAN FINANCIAL SERVICES TÜKETİCİ FİNANSMANI A.Ş.
6	MERCEDES BENZ FİNANSMAN TÜRK A.Ş.
7	ORFİN FİNANSMAN A.Ş.
8	PSA FİNANSMAN A.Ş.
9	SCANIA FİNANSMAN A.Ş.
10	ŞEKER MORTGAGE FİNANSMAN A.Ş.
11	TEB FİNANSMAN A.Ş.
12	VFS FİNANSMAN A.Ş.
13	VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

#### FINANCIAL HOLDING COMPANIES

1	KOÇ FİNANSAL HİZMETLER A.Ş.
2	ÖZYOL HOLDİNG A.Ş.
3	TEB HOLDİNG A.Ş.

## INDEPENDENT AUDIT INSTITUTIONS

- 1 A-1 YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.
- 2 AC İSTANBUL ULUSLARARASI BAĞIMSIZ DENETİM VE SMMM A.Ş.
- 3 ADALYA ULUSLARARASI BAĞIMSIZ DENETİM VE SMMM A.Ş.
- 4 AKİS BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
- 5 AKTAN BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 6 ANIL YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.
- 7 ARTI DEĞER ULUSLARARASI BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 8 ATA ULUSLARARASI BAĞIMSIZ DENETİM VE SMMM A.Ş.
- 9 AVRASYA BAĞIMSIZ DENETİM VE YMM A.Ş.
- 10 BAŞARAN NAS BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ  
MALİ MÜŞAVİRLİK A.Ş.
- 11 BAŞARAN NAS YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 12 BAYLAN BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
- 13 BİLGİ BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 14 BİRLEŞİK UZMANLAR YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.
- 15 CAN ULUSLARARASI BAĞIMSIZ DENETİM VE S.M.M.M. A.Ş.
- 16 CONSULTA BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 17 CROWE HORWATH OLGU BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 18 DEĞER BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 19 DENET BAĞIMSIZ DENETİM YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 20 DENGE BAĞIMSIZ DENETİM SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
- 21 DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
- 22 DRT YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.
- 23 ELİT BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 24 ENGİN BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİLİK MALİ MÜŞAVİRLİK A.Ş.
- 25 GÜNCEL BAĞIMSIZ DENETİM DANIŞMANLIK VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 26 GÜNEY BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
- 27 GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
- 28 HLB SAYGIN YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.
- 29 İHY BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 30 İŞIK YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.
- 31 İRFAN BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 32 KAPİTAL KARDEN BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 33 KAVRAM BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 34 MBK BAĞIMSIZ DENETİM VE SMMM A.Ş.
- 35 MERCEK BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
- 36 MGI BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

37	MOD BAĞIMSIZ DENETİM SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
38	REHBER BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
39	SER&BERKER BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
40	TÜRKERLER BAĞIMSIZ DENETİM YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
41	ULUSAL BAĞIMSIZ DENETİM VE YMM A.Ş.
42	YKY BAĞIMSIZ DENETİM VE YMM A.Ş.

## FOREIGN BANK REPRESENTATIVE'S OFFICES

1	AAREAL BANK A.G.
2	ABC INTERNATIONAL BANK PLC
3	AXION SWISS BANK SA TÜRKİYE TEMSİLCİLİĞİ
4	BANCA MONTE DEI PASCHI DI SIENA S.P.A.
5	BANCO BİLBAO VİZCAYA ARGENTARIA S.A.(BBVA)
6	BANCO POPULAR ESPANOL S.A.
7	BANCO SABADELL S.A.
8	BANK AL HABİB LİMİTED
9	BANK JULIUS BAER&CO. LTD.
10	BANK OF CHINA LIMITED
11	BANQUE INTERNATIONALE DE COMMERCE-BRED
12	BNP PARIBAS S.A.
13	BSI SA
14	CAIXABANK S.A.
15	CITIBANK N.A
16	COMMERZBANK A.G.
17	CREDIT EUROPE BANK (SUISSE) S.A.
18	CREDIT EUROPE BANK N.V.
19	CREDIT INDUSTRIEL ET COMMERCIAL
20	CREDİT SUISSE AG
21	DEG-DEUTSCHE INVESTİTİONS-UND ENTWİCKLUNGSGESELLSCHAFT MBH
22	DEMİR-HALK BANK (NEDERLAND ) N.V.
23	DOHA BANK
24	DUBAI ISLAMIC BANK
25	DZ BANK A.G.
26	GARANTIBANK INTERNATIONAL N.V.
27	ING BANK N.V.
28	INTESA SANPAOLO S.P.A.
29	JSC BANK OF GEORGIA
30	KFW (KREDİTANSTALT FÜR WIEDERAUFBAU) IPEX-BANK GMBH
31	KOREA EXCHANGE BANK
32	LANDESBANK BERLİN

33	MIZUHO BANK LTD
34	NATIXIS SA
35	NEAR EAST BANK LİMİTED
36	QINVEST LLC
37	RABOBANK INTERNATIONAL
38	STANDARD BANK PLC
39	STATE BANK OF INDIA
40	SUMITOMO MITSUI BANKING CORPORATION
41	THE BANK OF NEW YORK MELLON
42	THE BANK OF NOVA SCOTİA TÜRKİYE
43	THE ECONOMY BANK N.V.
44	UBS A.G.
45	UNION BANCAIRE PRIVÉE, UBP SA
46	UPS CAPITAL BUSINESS CREDIT
47	WELLS FARGO BANK N.A.

#### ASSET MANAGEMENT COMPANIES

1	ANADOLU VARLIK YÖNETİM A.Ş.
2	BEBEK VARLIK YÖNETİM A.Ş.
3	DENİZ VARLIK YÖNETİM A.Ş.
4	EFES VARLIK YÖNETİM A.Ş.
5	FİNAL VARLIK YÖNETİM A.Ş.
6	GİRİŞİM VARLIK YÖNETİMİ A.Ş.
7	İSTANBUL VARLIK YÖNETİM A.Ş.
8	LBT VARLIK YÖNETİM A.Ş.
9	RCT VARLIK YÖNETİM A.Ş.
10	TURKASSET VARLIK YÖNETİM A.Ş.
11	VERA VARLIK YÖNETİM A.Ş.

#### VALUATION INSTITUTIONS

1	A ARTIBİR GAYRİMENKUL DEĞERLEME A.Ş.
2	A GAYRİMENKUL DEĞERLEME A.Ş.
3	A POZİTİF GAYRİMENKUL DEĞERLEME A.Ş.
4	AAA FİNANSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
5	ABC GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
6	ACE GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
7	AÇI KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.

8	ADA TAŞINMAZ DEĞERLEME DANIŞMANLIK A.Ş.
9	ADIM GAYRİMENKUL DEĞERLEME A.Ş.
10	ADİL TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
11	ADRES GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
12	AKADEMİ GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
13	AKTİF GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
14	ALAN TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
15	ANALİZ GRUP GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK AŞ
16	ANREVA KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
17	ARCHİ DANIŞMANLIK VE GAYRİMENKUL DEĞERLEME A.Ş.
18	AREA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
19	ARGE GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
20	ARI GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
21	ARIKAN TAŞINMAZ DEĞERLEME A.Ş
22	ARMA TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
23	ARTI GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
24	ARVES GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
25	ASAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
26	ATLAS GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
27	AVRUPA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
28	BETA GAYRİMENKUL DEĞERLEME A.Ş
29	BİLGE GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
30	BİLGİ GAYRİMENKUL DEĞERLEME A.Ş.
31	CLS KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
32	ÇAĞKAN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
33	ÇINAR TAŞINMAZ DEĞERLEME VE MÜŞAVİRLİK A.Ş.
34	ÇİZGİ GAYRİMENKUL DEĞERLEME A.Ş.
35	D TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
36	DEGA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
37	DEMİR GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
38	DENGE GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
39	DONATI GAYRİMENKUL DEĞERLEME A.Ş.
40	DORA GAYRİMENKUL DEĞERLEME A.Ş.
41	DÜNYA GRUP GAYRİMENKUL DEĞERLEME DANIŞMANLIK A.Ş.
42	DÜZEY GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
43	EKİP TAŞINMAZ DEĞERLEME A.Ş
44	EKOL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
45	EKSEN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
46	EKSPERTUR GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
47	ELİT GAYRİMENKUL DEĞERLEME A.Ş.

48	EMEK TAŞINMAZ DEĞERLEME EĞİTİM VE DANIŞMANLIK A.Ş.
49	EMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
50	EPOS GAYRİMENKUL DANIŞMANLIK VE DEĞERLEME A.Ş.
51	ETİK GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
52	ETKİN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
53	EVA GAYRİMENKUL DEĞERLEME DANIŞMANLIK A.Ş.
54	FOREKS GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
55	FORM GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
56	GEDAŞ GAYRİMENKUL DEĞERLEME A.Ş.
57	GERÇEK GAYRİMENKUL DEĞERLEME A.Ş.
58	GİRİŞİM GAYRİMENKUL DEĞERLEME A.Ş.
59	GOLD GAYRİMENKUL EKSPERTİZ VE DANIŞMANLIK A.Ş.
60	GÜNEYBATI GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
61	HARMONİ GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
62	HEDEF TAŞINMAZ DEĞERLEME A.Ş.
63	İDEAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
64	İLKE GAYRİMENKUL DEĞERLEME A.Ş.
65	İNVEST GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
66	İSTANBUL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
67	KALME KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
68	KARAT TAŞINMAZ DEĞERLEME A.Ş.
69	KARE GAYRİMENKUL DEĞERLEME A.Ş.
70	KENT KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
71	KFB GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
72	KL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
73	KOZA GAYRİMENKUL DEĞERLEME A.Ş.
74	LAL GAYRİMENKUL DEĞERLEME VE MÜŞAVİRLİK A.Ş.
75	LİDER GAYRİMENKUL DEĞERLEME A.Ş.
76	LİMİT GAYRİMENKUL DEĞERLEME HİZMETLERİ A.Ş.
77	LOTUS GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
78	MAKRO GAYRİMENKUL DEĞERLEME A.Ş.
79	MAVİ GAYRİMENKUL DEĞERLEME A.Ş.
80	MAY GAYRİMENKUL DEĞERLEME A.Ş.
81	METROPOL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
82	MÜLK KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
83	NET KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
84	NOKTA TAŞINMAZ DEĞERLEME A.Ş.
85	NOVA TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
86	ÖZTÜRK GAYRİMENKUL DEĞERLEME A.Ş.
87	PERİTUS GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
88	PİRAMİT GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.

89	PİRİ GAYRİMENKUL DEĞERLEME A.Ş.
90	PLATFORM GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
91	PRİM E GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
92	RASYONEL GRUP TAŞINMAZ DEĞERLEME A.Ş.
93	REEL GAYRİMENKUL DEĞERLEME A.Ş.
94	REFERANS GRUP GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
95	REHBER GAYRİMENKUL DEĞERLEME DANIŞMANLIK A.Ş.
96	RESPA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
97	RM RİTİM GAYRİMENKUL DEĞERLEME A.Ş.
98	ROTA TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
99	SEAK GAYRİMENKUL DEĞERLEME A.Ş.
100	SENTEZ GAYRİMENKUL DEĞERLEME A.Ş.
101	SOM KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK HİZMETLERİ TİCARET A.Ş.
102	TADEM TAŞINMAZ DEĞERLEME MÜŞAVİRLİK A.Ş.
103	TAKSİM KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
104	TALYA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
105	TSKB GAYRİMENKUL DEĞERLEME A.Ş.
106	TUVEO KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
107	ULUSAL GAYRİMENKUL DEĞERLEME A.Ş.
108	VAKIF GAYRİMENKUL DEĞERLEME A.Ş.
109	VEKTÖR GAYRİMENKUL DEĞERLEME A.Ş.
110	VİZYON TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
111	YATIRIM GAYRİMENKUL DEĞERLEME A.Ş.
112	YETKİN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
113	ZEUGMA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
114	ZİRVE GAYRİMENKUL DEĞERLEME A.Ş.

#### RATING INSTITUTIONS

1	JCR AVRASYA DERECELENDİRME HİZMETLERİ A.Ş.
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#### CREDIT REFERENCE INSTITUTIONS

1	KKB KREDİ KAYIT BÜROSU A.Ş.
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#### CARD SYSTEM INSTITUTIONS

1	MASTERCARD EUROPA SPRL (TEMSİLCİLİK)
2	BANKALARARASI KART MERKEZİ
3	VISA EUROPA SERVICES INC. (Temsilcilik)

(\*) Banks are listed in alphabetical order according to their ownership and operation types and statuses.

### ANNEX-3: BOARD MEMBERS IN OFFICE AND MEMBERS WITH EXPIRED TERM OF OFFICE

NAME & SURNAME	TITLE	DATE TOOK OFFICE	DATE LEFT OFFICE
<b>Presidents</b>			
Mukim ÖZTEKİN	Chairman	22/06/2012	Current
Tevfik BİLGİN	Chairman	01/12/2003	11/04/2012
R.Engin AKÇAKOCA	Chairman	19/03/2001	05/11/2003
Zekeriya TEMİZEL	Chairman	06/04/2000	03/03/2001
<b>Vice Presidents</b>			
Mutalip ÜNAL	Vice Chairman	06/10/2009(*)	Current
Ahmet ŞİRİN	Vice Chairman	12/08/2003	13/06/2011
İbrahim Halil ÇANAKCI	Vice Chairman	11/12/2002	05/05/2003
Ali Vefa ÇELİK	Vice Chairman	13/06/2001	07/08/2001
Biltekin ÖZDEMİR	Vice Chairman	06/04/2000	13/06/2001
<b>Members</b>			
Muhiddin GÜLAL	Member	05/12/2013	Current
Olca TURAN	Member	02/12/2013	Current
Haluk TÖZÜM	Member	03/05/2012	Current
Can Akın ÇAĞLAR	Member	25/07/2011	Current
Selim Servet TAŞDELEN	Member	25/01/2010	Current
Mustafa AKIN	Member	16/11/2007	16/11/2013
Erol BERKTAŞ	Member	14/11/2007	14/11/2013
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 Mutalip ÜNAL was serving as Board member, he was appointed as Vice Chairman for his remaining term of office, through Council of Ministers Decree no. 2011/2029, which was published in the Official Gazette no. 27997 dated 17 July 2011.

## ANNEX-4: LIST OF BRSA PUBLICATIONS

Name of Publication	Publication Date
<b>FINANCIAL MARKETS REPORT</b>	
• Issue 28, December 2012	29/03/2013
<b>TURKISH BANKING SECTOR EXCHANGE RATE RISK EVALUATION REPORT</b>	
• Issue 9, September 2012	03/01/2013
<b>BRSA BANKING AND FINANCIAL MARKETS MAGAZINE</b>	
• Volume 7, Issue 2 (2013)	03/12/2013
• Volume 7, Issue 1 (2013)	29/07/2013
<b>RISK BULLETIN</b>	
• Issue 18, August 2013	23/08/2013
• Issue 17, February 2013	26/02/2013
<b>OUTLOOK OF TURKISH BANKING SECTOR</b>	
• September 2013 (2013/4)	12/11/2013
• June 2013 (2013/3)	05/08/2013
• March 2013 (2013/2)	08/05/2013
• December 2012 (2013/1)	13/02/2013

