



BANKING
REGULATION AND SUPERVISION
AGENCY

2021

ANNUAL REPORT





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Partial citations from BRSA Annual Report 2021 can be made by referencing.

The Report is available at BRSA website (www.bddk.org.tr) with full content.

Banking Regulation and Supervision Agency Annual Report is prepared for the purpose of informing the concerned authorities and the public in line with the principles of transparency and accountability.

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ABBREVIATIONS

AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
EU	European Union
A.Ş.	Incorporated Company
BADES	Independent Audit Tracking System
BCBS	Basel Committee on Banking Supervision
BRSA	Banking Regulation and Supervision Agency
BGYS	Information Security Management System
BRS	BRSA Reporting System
BSCEE	Group of Banking Supervisors From Central and Eastern Europe
BVTS	Banking Data Transfer System
CAMELS	Capital Adequacy, Asset Quality, Management, Earnings and Liquidity Sensitivity Analysis
CIMER	Presidency Center for Communication
WTO	World Trade Organization
EBA	European Banking Authority
EBYS	Electronic Document Management System
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
GDP	Gross Domestic Product
IFSB	Islamic Financial Services Board
IMF	International Monetary Fund
ICAAP	Internal Capital Adequacy Assessment Process
ITMK	Mortgage-backed Securities
KEI	Black Sea Economic Cooperation
TRNC	Turkish Republic of Northern Cyprus
SME	Small and Medium Sized Enterprises

MASAK	Financial Crimes Investigation Board
MEDAS	Central Distribution System
OECD	Organisation for Economic Co-operation and Development
OG	Official Gazette
RIP	Official Statistics Program
SOME	Cyber Issues Intervention Team
CMB	Capital Markets Board
SREP	Supervisory Review and Evaluation Process
CAR	Capital Adequacy Ratio
BAT	Banks Association of Türkiye
TBMM	Turkish Grand National Assembly
TR	Republic of Türkiye
TCMB	Central Bank of the Republic of Türkiye
THP	Uniform Accounting Plan
TKBB	Participation Banks Association of Türkiye
TL	Turkish Lira
TMK	Guaranteed Securities
TMSF	Saving Deposit Insurance Fund
TUIK	Turkish Statistics Institute
USOM	National Cyber Issues Intervention Center
WB	World Bank

CHAIRMAN'S FOREWORD

2021 has been a year that our country's economy and financial markets have undergone the influence of global economic problems. First of all, the economic constriction caused by the Covid-19, which started in the first months of 2020, and the supply chain problems that followed, adversely affected our country as well as the whole world. In the following period, the inflationary process triggered by the expansionary policies implemented to reduce the effects of the pandemic caused the global commodity and energy prices to rise excessively. Tight monetary policies implemented by developed countries to combat inflation led to capital movements, especially capital outflows from developing countries. By the end of 2021, no significant improvement has yet been observed regarding the resolution of the aforementioned global economic fluctuations. In addition, the military action initiated by Russia against Ukraine in February 2022 has led to potential negative effects on the economy, as well as the problems in the global supply chain and inflation, and political tensions. These developments indicate that it is necessary to be cautious and proactive against the risks that may arise in terms of our country's economy and financial markets in 2022.

In this process where global risks are increasing, one of the most important security anchors of our country's economy is the banking industry. The banking industry plays a critical role in the efficient functioning of the credit market and meeting the financial needs of the real sector. This is an important indicator of the financial soundness of the sector. Despite the international fluctuations, the asset size of the Turkish banking industry increased by 51% in 2021 and reached 9,215 billion TL, and as of the end of 2021, the total deposit and loan size of the sector increased

by 53% and 37%, respectively, compared to the end of 2020 and reached 5,303 billion TL and 4,901 billion TL. The ratio of the sector's total asset size to gross domestic product increased from 122% to 128%. The capital adequacy ratio of banks was realized as 18.39%, and the net profit for the period increased by 59% compared to the previous year and reached to 93 billion TL.

In 2021, our Agency continued its regulatory, audit and implementation activities with a precautionary perspective based on effective risk management. On the other hand, the flexibility provided in the regulations within the scope of the measures taken to reduce the economic and financial effects of the Covid-19, which emerged in 2020, was gradually lifted in 2021, taking into account the course of the pandemic. In line with the developments in the national and international markets in 2021, our Agency has taken many important steps for the healthy functioning of the banking sector and the credit market.

The digital transformation taking place in the world and in our country enables the financial sector and national economy to be developed in a healthy way by encouraging financial innovation and competition in the banking sector, increasing financial inclusion and facilitating access to banking services. For this purpose, the "Regulation on the Operating Principles of Digital Banks and Banking as a Service Model", which was prepared to determine the operating principles of branchless banks providing services only through digital channels and the conditions for providing banking services as a service model to financial technology companies and other businesses, was published in the Official Gazette. It is considered that the Regulation, which

entered into force at the beginning of 2022, will enable digital banks that will serve only through digital channels without branches, and will enable very different innovative business models through service banking, and will be an important turning point for the development of our country's finance sector and "Fintech" ecosystem.

In 2021, a legal arrangement was made that expands the jurisdiction of our Agency. In this context, Law No. 6361 was amended by Law No. 7292 dated 04.03.2021 and renamed as "The Law on Financial Leasing, Factoring, Financing and Savings Financing Companies". With the aforementioned Law, to regulate and supervise savings financing activities and companies; mentioned companies engaged in such activities have been brought under the supervision and surveillance framework of our Agency. A separate type of license has been created for these companies; persons or institutions other than those who were licensed are prohibited from using the savings financing system and set sanctions so it is aimed to protect customers and collected funds with restrictions on license terms with respect to permitted activities, organizational structures, equity and liquidity of companies. In addition, the "Regulation Governing the Incorporation and Operating Principles of Saving Financing Companies", prepared in line with the amendments made in the Law No. 6361, was published in the Official Gazette dated 07.04.2021 and entered into force. Likewise, amendments have been made in the relevant regulations to regulate the accounting practices, financial statements and uniform charts of accounts of savings financing companies. Within the scope of the aforementioned regulations, the audit of 35 saving finance companies that applied for adjustment to our Agency was completed in 2021. 21 of these companies were liquidated mandatorily as they don't have sufficient adjustment plans, and it was decided to liquidate 6 companies on a voluntary basis, and to continue the adjustment processes of 6 companies which were formed as a result of the merger of some of the remaining 8 companies.

Within the scope of the Economy Reform Package, announced on 12.03.2021, the "Guideline

on Credit Allocation and Monitoring" for increasing the efficiency of the credit allocation and monitoring processes of the banking sector, and the "Non-Performing Exposures Workout Guidelines" for increasing the asset quality of the banking sector were published on 29.06.2021. With the amendment made in the "Regulation on Loan Operations of Banks", which forms the basis of the "Non-Performing Exposures Workout Guidelines", banks are obliged to establish resolution units within the framework of the principles determined in the aforementioned Regulation and to prepare the non-performing receivables resolution strategy and operational plans. In addition, due to the flood disasters occurred in Düzce, Rize, Artvin, Bartın, Kastamonu and Sinop provinces in July and August 2021, it was made possible for the residents of these provinces not to apply the credit maturity limits for temporary periods and to increase the credit card installment periods up to one-fold.

In 2021, important steps were taken in order to develop sustainable banking in our country and to establish the related risk management infrastructure. With the studies carried out regarding the sustainable banking, it is aimed to contribute to the financing of the green economic transformation in order to achieve the carbon emission reduction targets within the scope of the Paris Agreement and to comply with the conditions created by the EU Green Deal. In line with the aforementioned target, within the scope of the "Green Reconciliation Action Plan" put into effect with the Presidential Circular No. 2021/15 published in the Official Gazette dated 16.07.2021, it is foreseen that our Agency creates a roadmap for the development of sustainable banking in order to foster the ecosystem that will enable the development of green finance in our country. In this framework, the "Sustainable Banking Strategic Plan (2022-2025)", which was prepared by taking into account the opinions and suggestions of all relevant parties, was shared with the public on 24.12.2021. In accordance with the EU Green Deal and the "Fit for 55 Package", the Sustainable Banking Strategic Plan is prepared to include the period of 2022-2025 to ensure that our banking sector provides the necessary adaptation before 2026,

an important transition date for our country's economic and financial system, when the carbon border adjustment will begin to impose financial obligations. The Plan is built on the strategic objectives of effectively managing climate-related risks, developing the financing needed for the transition to a sustainable economy and increasing cooperation between the relevant parties. In 2022, within the scope of the Sustainable Banking Strategic Plan, it is aimed to establish a data infrastructure with the required quality and scope for the analysis of financial risks based on climate change and to increase the climate risk management capacity of banks.

The agency continues to expand the scope of services offered to financial consumers through the e-Government Gateway. In this regard, additions have been made to the service enabling citizens to track which banks they have deposit accounts in via e-Government. Infrastructure was updated and banks were integrated in order to obtain safe deposit box data. Services that will enable citizens to make heir-testator inquiries have also been added to e-Government, and this service is planned to be put into use in 2022. With

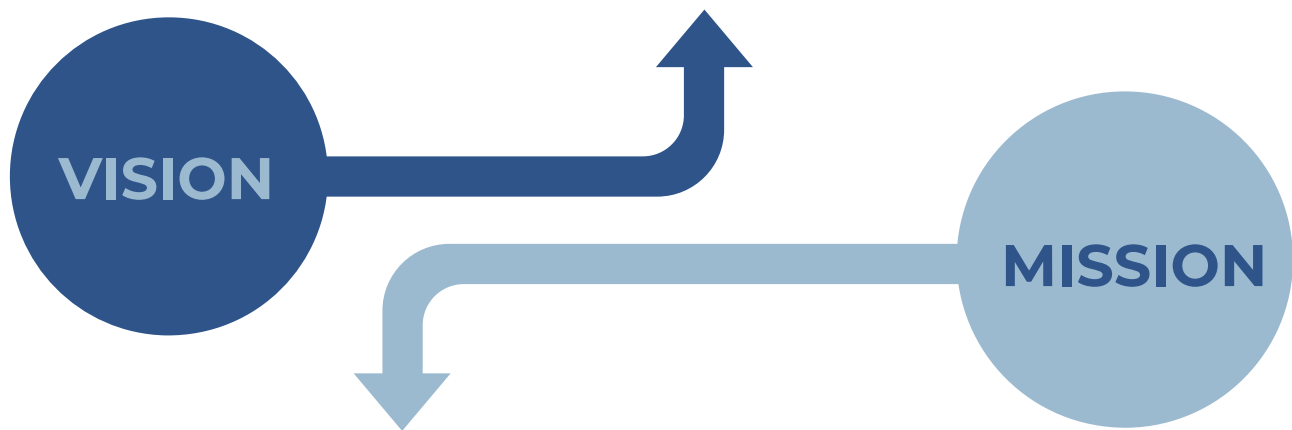
these applications, it is aimed to transfer public services to the electronic environment with a citizen-oriented perspective, to increase the transparency in the relations between financial institutions and financial consumers, and to protect financial consumer rights more effectively.

Due to our country's G20 membership, the "Financial Sector Assessment Program" (FSAP) studies which are being carried out by the International Monetary Fund (IMF) and the World Bank (WB), started for the fourth time in 2021 (others 2006, 2011 and 2016), and the studies are expected to be completed in 2022. As an agency, we see annual activity reports as an effective tool for transparency and accountability. I hereby present the "BRSA Annual Report 2021", prepared with this understanding, to the public with the hope that it will be useful for everyone, and I would like to thank my colleagues for their hard work.

Mehmet Ali AKBEN
Chairman

AGENCY'S VISION

The Agency's vision is 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.



AGENCY'S MISSION

Agency's mission is to ensure that the institutions subject to its supervision within the scope of its duties and authorities perform their operations in a safe and sound manner in line with the Banking Law and other applicable regulations, that the credit system functions efficiently, that the rights and interests of savers are safeguarded, thereby contributing to the development of financial markets and financial stability.

CORE VALUES



Prudence

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



Independence

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



Reliability

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.



Participation

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.



Efficiency

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



Competence

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



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.

ORGANIZATION CHART

The Agency was established as a public legal entity with administrative and financial autonomy by the annulled Banks Law No. 4389 published in the Official Gazette 23734 dated 23.06.1999, in line with the policies for increasing the efficiency of supervision and oversight systems and establishing independent decision-making mechanisms in financial markets, and strengthened in terms of independence, efficiency and capacity with Banking Law 5411 published in the Repetitive Official Gazette 25983 dated 01.11.2005.

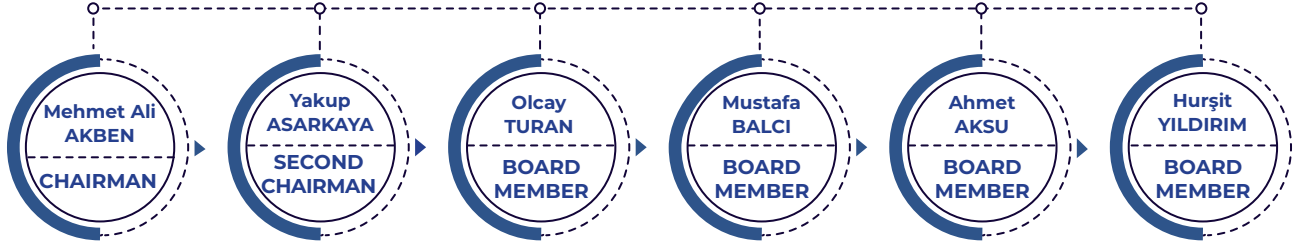
The existing organizational structure of the Agency is governed by Banking Law and the Regulation on the Organization of Banking Regulation and Supervision Agency, which has been put into force through Council of Ministers Decree 2014/5885 published in the Official Gazette 28943 dated 16.03.2014.

The Agency consists of the Banking Regulation and Supervision Board (Board) including the Chairman and the members and the Presidency Organization. The Chairman of the Board is the Chairman of the Agency. Chairmanship Organization consists of the Chairman, five (5) Vice Chairmen and service units. Service units of the Agency consist of maximum twenty departments that are organized as main service, advisory and auxiliary units. Maximum fifteen chairman advisors may be appointed in areas such as legal, press and public relations, management and finance.

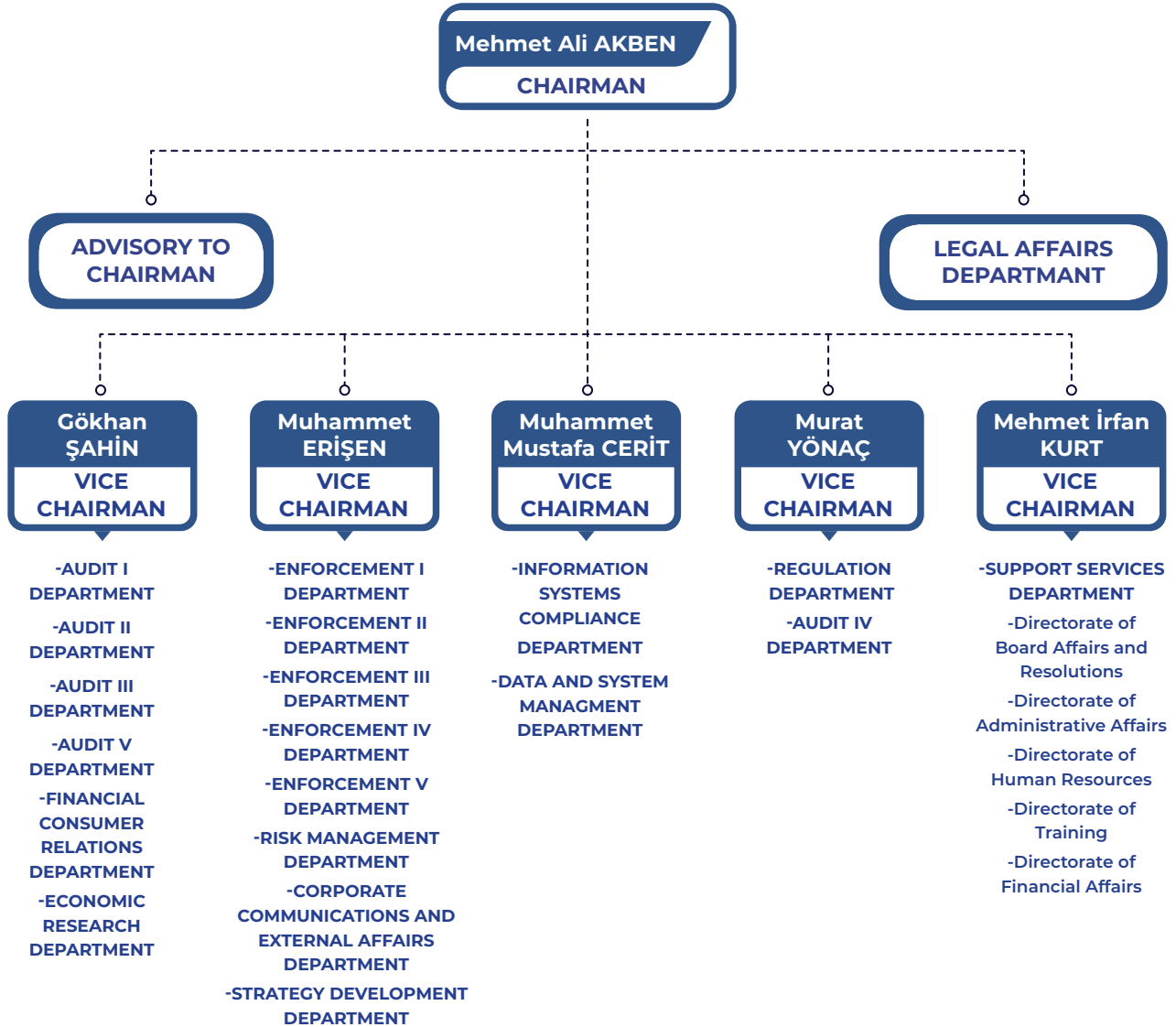
The Agency's organizational structure is revised and its service units are reorganized in response to evolving conditions and emerging needs. These amendments are made to establish the infrastructure which will provide the administrative capacity required for the expanded roles and liabilities of the Agency and the emerging needs and are based on a horizontal organization required by contemporary professional expertise.

As of the end of 2021, the Agency has 20 departments. Departments of Support Services has 5 departments dealing with board affairs and resolutions, human resources, training, financial affairs and administrative affairs. In addition, the audit departments have audit groups consisting of bank auditors and assistants, and banking experts and assistants, as well as audit teams dealing with specific institutions. Moreover, for controlling specific IT or legal issues or when requested and approved by the chairman, mixed teams are created from the personnel assigned in audit and other departments for audit, review and survey purposes, investigations, audit of projects and/or risk models, review of risk analyses, banking and accounting standards, and similar other issues.

BANKING REGULATION AND SUPERVISION BOARD



BANKING REGULATION AND SUPERVISION AGENCY ORGANIZATION CHART



THE IMPORTANCE OF THE AGENCY FOR THE NATIONAL ECONOMY

Acting as the responsible institution in the field of regulation and supervision of a significant portion of the financial sector our Agency plays an important role in the Turkish economy in terms of ensuring financial stability, developing the industry, strengthening the framework for practices and regulations, protection of the rights and interests of depositors, and developing an effective financial system and a strong banking industry by increasing the corporate capacity.

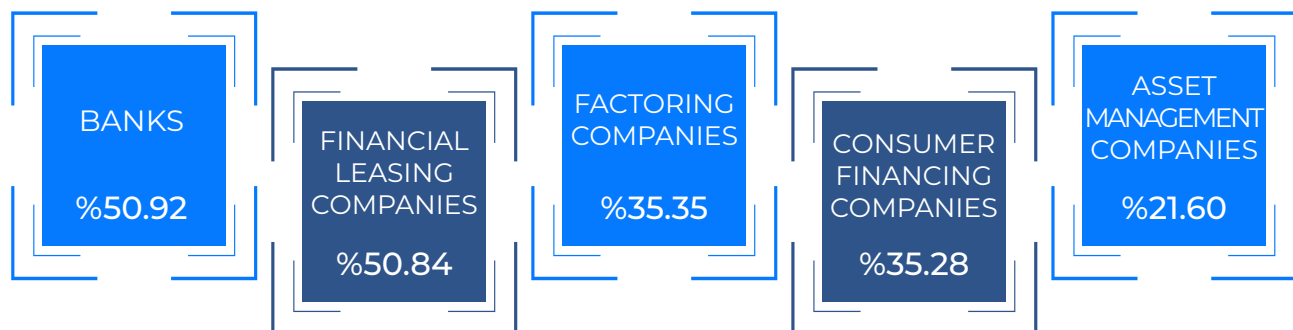
Acting as the responsible institution in the field of regulation and supervision of a significant portion of the financial sector our Agency plays an important role in the Turkish economy in terms of ensuring financial stability, developing the industry, strengthening the framework for practices and regulations, protection of the rights and interests of depositors, and developing an effective financial system and a strong banking industry by increasing the corporate capacity.

The asset size of the financial sector has reached TL 10,5 trillion (approximately USD 784,38 billion) as of the end of 2021. When we take a look at the asset size of the financial sector that has reached to 1.45 times of the GDP, we see that the Turkish banking industry has the largest share with 88,06%

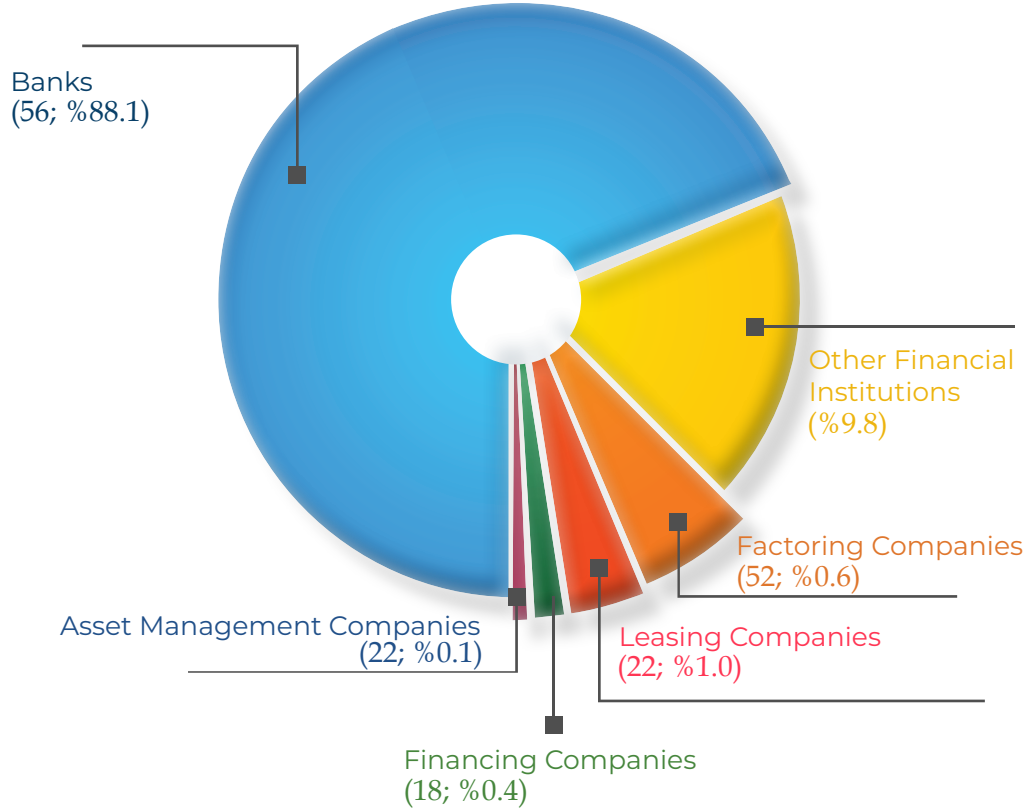
In 2021, the financial sector shares of banks, leasing companies, factoring companies, consumer financing companies and asset management companies subject to oversight and audit by the Agency are 88,1%, 1,0%, 0,6%, 0,4% and 0,1% respectively. In terms of the total assets, banks have grown by 50,92%, leasing companies by 50,84%, factoring companies by 35,35%, financing companies by 35,28% and asset management companies by 21,60% as compared to the previous year.

BRSA which is responsible for the supervision and auditing of 90,2% of the financial sector that has a total asset size of TL 9,4 trillion, contributes to ensuring effectiveness in financial intermediation by increasing the reliability of the financial system and making financial markets operate accurately and effectively.

Net growth rates in terms of total assets during the last 1 year:



Shares of Institutions under BRSA Supervision in the Financial Sector (Asset Size-billion TL, share)



Financial Sector Total Assets (billion TL)

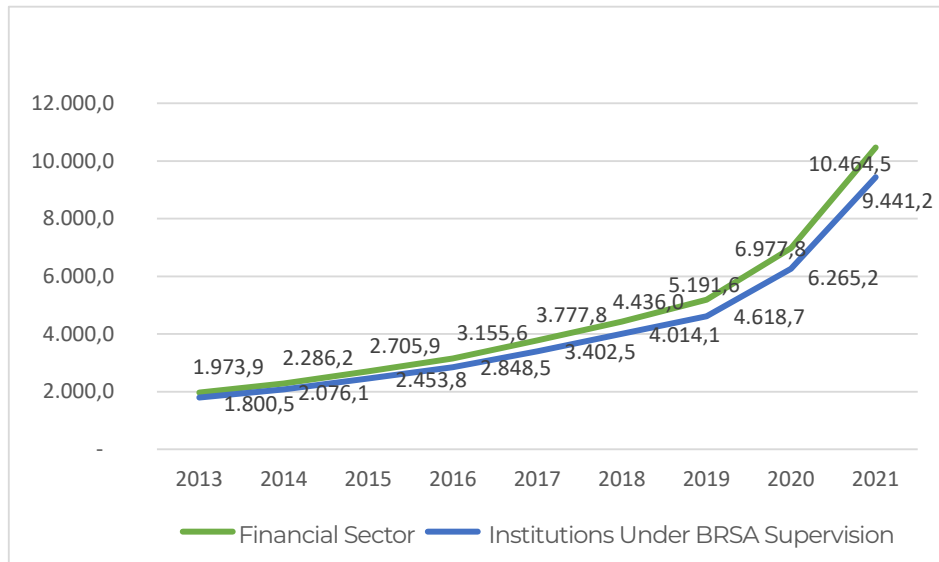
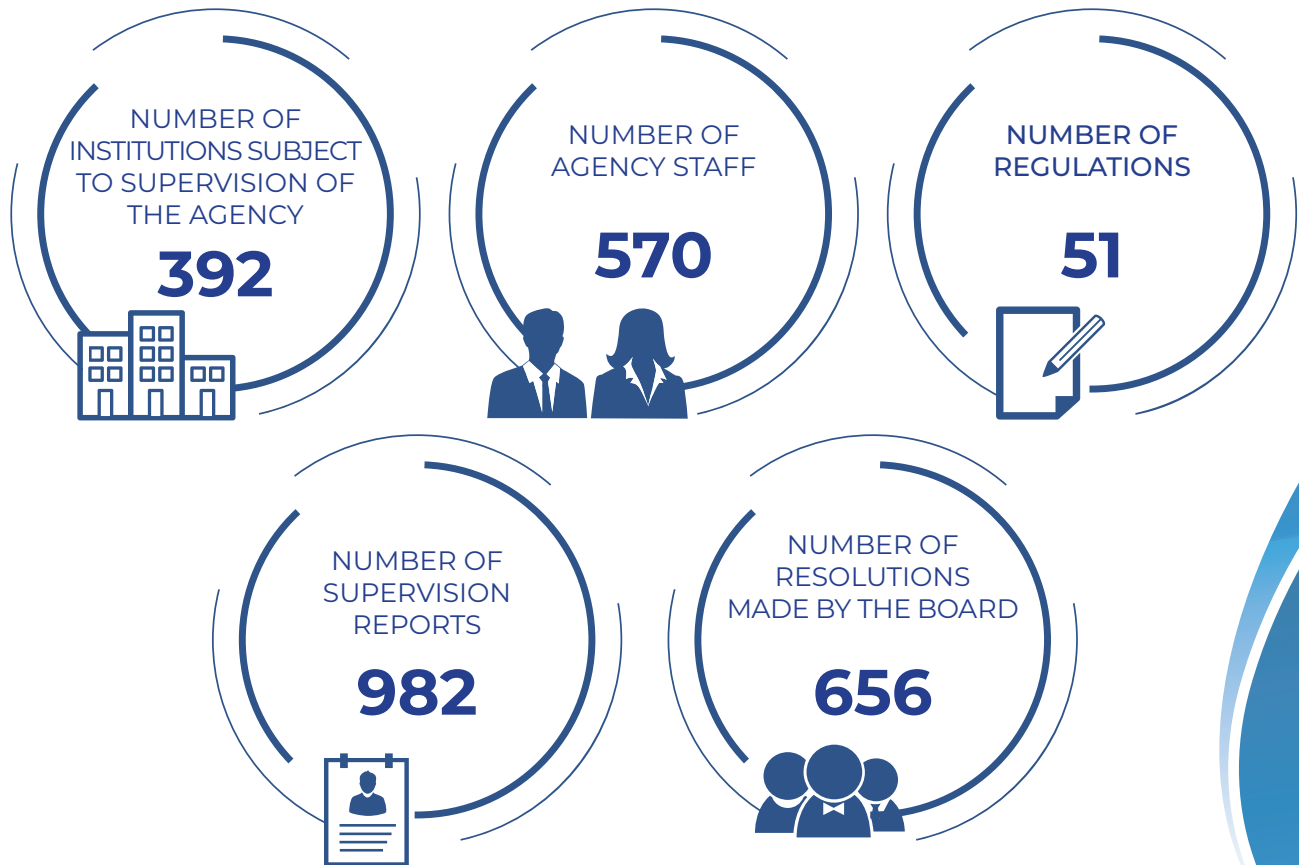


TABLE 1: BRSA IN FIGURES IN 2021



NUMBER OF
SECTOR OVERSIGHT
REPORTS

2,106



NUMBER OF
BANK OVERSIGHT
REPORTS

1,042



NUMBER OF
DENUNCIATIONS
AND COMPLAINTS
EVALUATED
BY THE AGENCY

198,626



NUMBER OF
EXTERNAL
CORRESPONDENCES

9,689



1. BANKING REGULATION AND SUPERVISION BOARD

Banking Regulation and Supervision Board is the decision-making body of the Banking Regulation and Supervision Agency established as per the Banking Law 5411 and other applicable legislation to ensure reliability and stability of the financial markets, efficient functioning of the credit system, development of the finance industry, and protection of the rights and benefits of deposit owners.

The Board convenes at least once a week and as necessary. The agenda of the Board chaired by the Chairman, or the Second Chairman in his absence, is set by the Chairman, or the Second Chairman, respectively, and sent to the members one day prior to the meeting at the latest. The Board convenes with the presence of minimum 5 members, and takes decisions with affirmative votes of minimum 4 members, except for specific cases requiring special quorum as stipulated in the Law. Members cannot cast abstentions

votes. In cases where decision quorum cannot be attained and votes are equal in subsequent meetings, the Chairman has the casting vote. Without prejudice to periods stipulated by the Law, Board decisions are consummated within maximum fifteen days from the meeting date, together with its justifications, and if any, dissenting opinions and signatures

In 2021, 60 meetings were held by the Board and 656 decisions were made. Looking at the distribution of decisions, 53.5% of the total number of decisions are related to Board decisions on banks.

Table 2: Outlook of Board Decisions

Subject of Decision	Year 2020		Year 2021	
	Number	Percent	Number	Percent
Banks	471	77.6	351	53.5
Financial Leasing, Factoring, Financing Companies and Saving Financing Companies	37	6.1	156	23.8
Appraisal/Rating/Support Service Institutions	11	1.8	11	1.7
Asset Management Companies	16	2.6	33	5.0
Independent Auditing Companies	7	1.2	6	0.9
Whether or Not to File a Criminal Complaint-Temporary Suspension of Signature Authorization/Removal of Suspension	29	4.8	67	10.2
Administrative, Financial and Staff Affairs of the Agency	36	5.9	32	4.9
TOTAL	607	100.0	656	100.0

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. Also, a decision may both rule for filing a criminal complaint and temporarily suspending the signatory powers of the related bank officials. To prevent contradictions regarding the classification of decisions, no decision was associated with multiple issues.

On the other hand, the figures in the table are inclusive of all issues submitted to the Board, whether the decision taken thereon is affirmative or not. For example, 84 board decisions made by the Board in 2021 on permits refer to all decisions, whether or not affirmative.

Looking at the Board decisions by the distribution of subjects, we see that the top three include 55,2% on administrative fines, 15,1% on regulation procedures, and 12.8% on permit procedures.

Table 3: Classification of Board Decisions by Subject

Subject of Decision	Year 2020		Year 2021	
	Number	Percent	Number	Percent
Regulatory Activities	88	14.5	99	15.1
Permission Activities	63	10.4	84	12.8
Administrative Fines	367	60.5	362	55.2
Revocation of Operating License/ Authorization/Foundation License	8	1.3	3	0.5
Whether or not to File a Criminal Complaint- Temporary Suspension of Signature Authorization/Removal of Suspension	28	4.6	66	10.1
Administrative, Financial and Staff Affairs of the Agency	36	5.9	28	4.2
Others	17	2.8	14	2.1
TOTAL	607	100.0	656	100.0

2. HIGHLIGHTS FROM ACTIVITIES

2.1. Operating Principles of Digital Banks and Banking as a Service Model

In line with the digital transformation in the world and in our country, establishing the legislative infrastructure for digital (branch-free) banking and banking as a service model, encouraging financial innovation, increasing financial inclusion and facilitating access to banking services are emerging as priority targets.

As known, the second paragraph of Article 76 of the Banking Law ("Law") No. 5411 was amended with the Law, No. 7247 dated 18.06.2020 as "Relationships between banks and customers with regard to the fields of activity included in Article 4 of this Law, are regulated by written contracts or contracts to be concluded through methods that will be realized over an information or electronic communication device and that will allow the verification of the identity of the customer using distant communication tools, which can replace the written form as the Board determines, and the procedures and principles regarding thereof are determined by the Board; and with the entry into force of the "Regulation on Remote Identification Methods to be Used by Banks and Establishment of Contract Relationship in the Electronic Environment", based on such amendment, published in the Official Gazette, dated 01.04.2021, numbered 31441, it has been made possible to establish contractual relations between banks and their customers in electronic environment, including contracts that must be in writing, and thus, an important step has been taken towards establishing the infrastructure of the branch-free banking model, also called "neo-bank", which works only in the digital environment, as in the applications of other countries.

As a continuation of this step, the possibility of increasing access to financial products, financial inclusion and investments in financial technology, offering banking activities at lower costs with branch-free operations and considering that it would be beneficial to regulate the operating principles, the permission process for branch-free banking operations and operating principles, with the aim of increasing access to financial products, financial inclusion, and enabling the provision of products and services at more competitive

and customer-friendly prices and investments in financial technology, the issue of "Enabling Digital (Branch-free) Banking Licensing (Practices) in the Economic Reforms Action Plan" announced by the Turkish Ministry of Treasury and Finance on 12.03.2021 has been specified as the 3.4.c action step and Banking Regulation and Supervision Agency has been determined as the responsible authority for this action. Likewise, among the Actions of the Presidency's 2nd Term of 2021 & 180-Day Activities, the action step "Preparing transactions that will allow for digital (branch-free) banking licensing" has also been included.

In this context, the draft Regulation that was prepared in order to encourage financial innovation and competition in the banking sector, to increase financial inclusion and to facilitate access to banking services, the operating principles of branchless banks that only serve through digital channels and determination of the conditions for providing banking services to financial technology companies and other enterprises as a service model, to contribute to the solid development of the financial sector and the national economy, was finalized by taking the opinions and evaluations of all relevant stakeholders and entered into force after being published in the Official Gazette dated 29.12.2021 and numbered 31704. The aforementioned Regulation has enabled digital banks that will only serve through digital channels, without any branches, and numerous innovative business models through banking as a service model. In this context; it is considered that they will be an important milestone for the development of our country's financial sector and fintech ecosystem.

2.2. Applications for Data and System Management

Inquiry of Deposit Accounts of Citizens via e-Government: New extensions have been made for enabling citizens to see which banks they have deposit accounts in via e-Government. Internal control processes of the Agency have been strengthened. Infrastructure has been updated and banks have been integrated in order to obtain Safe-Deposit Box data. Services that will enable citizens to inquire about heirs and testators have been added to e-Government, which is planned to be used in 2022.

2.3. National Risk Assessment (URD) Project Study Group Activities

In the Circular No. 2016/22 of Repealed Prime Ministry which is published in the Official Gazette dated 21.10.2016 and numbered 29864, it was decided to prepare a "National Risk Assessment Project" and "Project Action Plan" under the coordination of the Ministry of Treasury and Finance, Financial Crimes Investigation Board (MASAK), and the "Steering Committee" was formed under the Undersecretary of the Ministry of Finance, in which the Vice President of the Banking Regulation and Supervision Agency (Agency) also participated for our country to successfully complete the Financial Action Task Force (FATF) IVth Round of Mutual Evaluation and fulfill our international obligations.

In this context, upon approval of the BRSA Chairmanship, the Agency participates in study groups formed with the coordination of MASAK during the FATF IVth Round of Mutual Evaluation Process, and provides technical support to the process in the areas of expertise of the Agency regarding the prevention of money laundering and financing of terrorism within the framework of international regulations and developments. In this context, the activities carried out by the Agency in 2021 are listed below:

- During the IVth Round of Mutual Evaluation process until October 2021, the Agency's opinion was formed regarding the information requests from MASAK about the sectors under the supervision and surveillance of the Agency, and active participation was ensured. After October 2021, studies on the issues subject to criticism continue in the IVth Round of Evaluation Process with the participation of BRSA, other relevant public and public professional institutions
- Within the scope of the audit programs established as a part of the "Law on the Prevention of Laundering Proceeds of Crime" No. 5549, liability compliance audits were carried out in the sectors under the supervision and surveillance of the Agency.
- The Agency participated in the auditor's forum organized by the FATF with the participation of the member countries' supervisory authorities

2.4. Audits on Non-Bank Financial Sector

Supervision of non-bank financial institutions consisting of factoring, leasing, financing, saving financing and asset management companies is carried out by the Audit V Department, which was

established as per the Decision of the Banking Regulation and Supervision Agency dated 01.10.2020 and numbered 9181.

Audits of non-bank financial institutions are carried out taking into account the balance sheet size, complaints submitted to the Agency regarding these institutions and audits of the Agency requested by other public institutions within the framework of the audit plans determined. In this context, on-site audit groups of non-bank financial institutions to be audited are submitted to the Chairman's approval following approval of the relevant Head of Department and Deputy Head and audit activities are carried out within the scope of the approval given.

The Law No. 6361 was amended by Law No. 7292 on 04.03.2021 and its name was changed as "Financial Leasing, Factoring, Financing and Saving Financing Companies Law" and the Agency was authorized to supervise and oversee the savings financing companies. In this context, the audit of 35 savings financing companies that applied for adaptation to the Agency was completed in 2021. 21 of these companies were not found to have sufficient adjustment plans and it was decided to liquidate them compulsorily, 6 companies to be directed to voluntary liquidation, and to continue the adaptation processes of 6 companies, which were formed as a result of the merger of some of the remaining 8 companies.

A total of 170 reports/opinions on the non-bank financial sector were prepared by the Audit V Department in 2021. In addition to the financial structure reports of 18 asset management companies operating in the sector in 2021, examinations regarding their compliance with the legislation were completed. A wide range of investigations have been carried out, such as the compliance of factoring, financial leasing and financing companies with the legislation, the qualifications of their partners, managers and employees, the compatibility of their capital with the scope of their activities, the effectiveness of accounting and information technology systems, and the complaints made about these companies.

2.5. ISEDES (ICAAP) Legislation Update Study

As known, the Agency regularly tracks international regulations and international good practices regarding the supervision of such regulations. In this

context, one of the leading topics being tracked is the Supervisory Review Process (SREP) which is the Pillar II of the Basel II Consensus published by the Basel Committee on Banking Supervision (BCBS). Within this scope, it is very important that banks accurately execute the Internal Capital Adequacy Assessment Process (ICAAP), which can be expressed as ensuring that banks calculate the level of capital that meets the risks they are or could be exposed to in accordance with their risk profiles and strategies, and sustain their activities with a capital above these levels, and that the said processes of banks are audited. So, works currently in progress related to revision of Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks and Guideline on ICAAP Report with the coordination of departments of related vice presidency came to an end in consideration of the best international practices related to Pillar II and the characteristics of the Turkish Banking Industry; works are shared with the related departments and the draft regulation is offered for internal consideration of the Agency. Internal assessments studies are continuing within the Agency. As a result of these studies, the aim is to make the internal capital adequacy evaluation processes of banks more effective and increase compliance with the best international practices in this regard.

2.6. Practices Regarding Information Systems

The Information Systems and Compliance Department is responsible for effectively performing the regulation, enforcement and supervision functions related to information systems of institutions under the responsibility of the Agency. The enforcement activities of the audits regarding the information systems of the institutions within the scope of the Communiqué on the Management and Supervision of Information Systems of Financial Leasing, Factoring and Financing Companies were carried out for the first time in 2021. Independent Audit Tracking System (BADES) is used to digitally monitor independent audit institution data on establishment, auditor, contract information, independent audit and Agency information systems audit reports, findings related to reports, summary information and action plans and penetration test reports, findings and action plans regarding the audits, generated by independent auditing institutions.

Enforcement activities were carried out via updating the procedures and sample letter templates for information systems audit reports performed by independent audit institutions and the Agency staff.

Published Regulations:

Regulation on Remote Identification Methods to be Used by Banks and Establishment of Contractual Relationship in the Electronic Environment: The Regulation on Remote Identification Methods to be Used by Banks and Establishment of Contractual Relationship in the Electronic Environment was published in the Official Gazette dated 01.04.2021 and numbered 31441. The aforementioned Regulation entered into force on 01.05.2021. With the regulation, the procedures and principles regarding the remote identification methods that can be used by banks in acquiring new customers and the banking services to be provided after the identification of the customer, are regulated in a way that replaces the written form over an information or electronic communication device, whether distant or not, or to establish a contractual relationship at a distance.

Communiqué on Information Systems Management and Audit of Information Exchange Institutions and Risk Center: The Communiqué on Information Systems and Audit of Information Exchange Institutions and Risk Center entered into force after being published in the Official Gazette dated 19.08.2021, numbered 31573 and the Communiqué on the Principles to be based on Information Systems Management in Information Exchange, Clearing and Settlement Institutions and the Audit of Business Processes and Information Systems published in the Official Gazette, dated 04.12.2013, numbered 28841 was repealed. With this Regulation, the institutions which have confidential data is expected to use and manage information technologies at the same level as banks.

Regulation on Independent Audit of Information Systems and Business Processes: Regulation on Independent Audit of Information Systems and Business Processes entered into force by being published in the Official Gazette dated 31.12.2021 and numbered 31706 (6th Repetitive). With the entry into force of the Regulation, the Regulation on the Audit of Bank Information Systems and Banking Processes to be Performed by Independent Audit Firms, dated 13.01.2010 and numbered 27461, was repealed. With this Regulation, the procedures and principles regarding the audit of the information systems and business processes of the institutions under the supervision and oversight of the Agency by the independent audit firms authorized within the scope of the Regulation, were regulated, and the obligations of the auditor and the audited were specified.

Regulations With Preparatory Work in Progress:**Draft Communiqué on the Report of Information Systems and Business Processes Independent Audit:**

The Communiqué on the Report on the Audit of Bank Information Systems and Banking Processes to be Conducted by Independent Audit Institutions, published with regard to the Independent Audit Reports, has been updated in accordance with the provisions of the relevant Regulation. With the entry into force of the Regulation on the Independent Audit of Information Systems and Business Processes, In addition, regulations regarding the coding of findings in the report were included in the communiqué. The Draft Communiqué has been offered to internal and external considerations, and the assessment of the received opinions is continuing.

Draft Regulation on Remote Identification Methods to be Used by Leasing, Factoring, Financing and Savings Financing Companies and Establishing a Contractual Relationship in the Electronic Environment:

With the publication of the Regulation on Remote Identification Methods to be Used by Banks and the Establishment of a Contract Relationship in the Electronic Environment in the Official Gazette dated 01.04.2021 and numbered 31441, by evaluating the demands from non-bank institutions and the needs of the sector the Draft Regulation was offered to internal and external considerations and it was finalized and included in the agenda of the Board for publication in the Official Gazette.

Other Studies Performed:

Within the scope of applications for operation license in 2021, an on-site audit was carried out regarding D Yatırım Bankası A.Ş. and Destek Yatırım Bankası A.Ş., and Information Systems Audit Reports were prepared and processes were carried out in coordination with the internal units.

The information systems reports submitted to the Information Systems Compliance Department were subjected to a preliminary examination, and action was taken to correct the deficiencies by communicating with independent audit institutions and making the reports a basis for evaluation. When necessary, meetings were held with organizations requesting permission on issues related to information systems. In 2021, data centers of 8 financial institutions were visited in order to examine their information systems.

Within the scope of the Agency's Industrial Cyber Issues Intervention Team (SOME) activities, cyber incidents concerning the banking sector and

fraudulent actions targeting bank customers were monitored. Events such as summits and conferences on cyber security were participated, and articles and reports containing information on current cyber threats from different platforms were followed. By periodically connecting to the SOME Communication Platform, information regarding the cyber security actions in question and when necessary additional information were obtained from banks and related matters were followed up. In this context, information was exchanged with both banks and other relevant institutions. Within the scope of oversight activities regarding fraudulent actions, information about fraud was obtained from banks periodically and examined. Audit studies were carried out by obtaining information and documents from banks and related parties regarding fraudulent actions, which are the subject of complaints submitted to the Agency, and subject to investigations.

 **2.7. Sustainable Banking**

Another issue in the responsibility of the Agency is the development of Sustainable Banking in our country and the establishment of a risk management infrastructure related to it. With the studies carried out regarding Sustainable Banking, it is aimed to contribute to the financing of the green economic transformation to achieve the carbon emission reduction targets within the scope of the Paris Agreement and to comply with the obligations to be brought by the EU Green Deal.

In line with the aforementioned target, within the scope of the "Green Reconciliation Action Plan" put into effect with the Presidential Circular No. 2021/15 published in the Official Gazette dated 16.07.2021, it is envisaged to determine a roadmap for the development of Sustainable Banking by the Agency in order to develop the ecosystem that will enable the development of green finance in our country. In this regard, the "Sustainable Banking Strategic Plan (2022-2025)" was prepared, taking into account the opinions and suggestions of all relevant parties, and it was accepted and shared with the public on 24.12.2021. The Sustainable Banking Strategic Plan is prepared to cover 2022-2025 to ensure that Turkish banking sector provides the necessary adaptation in accordance with the EU Green Deal and the "Fit for 55 Package" because the carbon border mechanism which will start to create financial obligations as of 2026, which is an important transition date for our country's economic and financial system.

3. REGULATORY ACTIVITIES AND IMPACT ANALYSES

Article 93 paragraph four of the Banking Law stipulates that the Agency will use its authorities granted as per this law and other applicable legislation in line with the regulating procedures and special decisions and the Agency is authorized to enact regulations and communiqués regarding the enforcement of this Law. In line with the regulating function, efforts were made to amend the banking legislation to ensure compliance with EU and international banking rules and implementations.

Within the scope of the efforts on legislation, draft regulations prepared by the Agency are publicly shared at the Agency's web site. All drafts are shared with the relevant industry representatives for their opinions, and opinions and suggestions of the relevant institutions and organizations are requested where necessary. The drafts are reviewed based on the opinions and proposals of these organizations and sent to the opinions and suggestions of the concerning Ministry with regards to the applicable industry strategies and policies and the Presidential Strategy and Budget Department with regards to the development plan and annual program in line with Article 93 clause five of the Banking Law, 5411. Following the evaluation of such opinions and proposals, the final draft is submitted to the Board and the regulations and communiqués accepted by the Board are submitted to the Presidency to be published in the official gazette.

3.1. Enacted Regulations

In 2021, 4 Laws were amended, 8 new regulations and 2 communiqués were put into effect, 14 regulations and 4 communiqués were amended and 19 Board Decisions were taken.

Table 4: Distribution of Enacted Regulations by Type

Type of Regulation	2020	2021
Law	-	-
Amendment of Law	2	4
Regulation	3	8
Amendment of Regulation	8	14
Communique	-	2
Amendment of Communique	5	4
Circular	-	-
Board Decision	39	19
TOTAL	57	51

3.1.1. Amendment Of The Laws

Law, Amending the Law on Financial Leasing, Factoring and Financing Companies, dated 04.03.2021, numbered 7292 (Official Gazette, dated 07.03.2021, No. 31416): With the amendments made, it was ensured that companies operating in the savings financing system were placed under the supervision and surveillance of the Agency to regulate savings financing activities and to take companies under supervision. A separate type of license was created for these companies, and persons or institutions other than those who had been licensed were prohibited from using the savings financing system and were imposed sanctions and it was aimed to protect customers and collected funds with restrictions on license terms, permitted activities, organizational structures, equity and liquidity of companies. It was

made obligatory to invest exclusively in certain liquid financial assets in order to prevent the resources collected from customers from being used in other activities within the group in which the company is included. It was also regulated that appropriate organizational and managerial structures, especially the internal systems of existing companies, should be established. Except for voluntary liquidation of the companies operating within the scope of the savings financing system, it was stipulated that if the financial capabilities of the companies are found to have deteriorated as a result of the audits carried out by the Agency, in way that they cannot continue their obligations; corrective, remedial or restrictive measures would be applied, and if no results are obtained, they would be liquidated.

In addition, while the repealed Turkish Commercial Code stipulates the establishment of joint stock companies with at least 5 partners, this provision is not included in the Turkish Commercial Code No. 6102 and it is stated that joint stock companies can be established with only 1 partner. In this context, in order to harmonize the relevant article of the Turkish Commercial Code No. 6102 and the Financial Leasing, Factoring, Financing and Savings Financing Companies Law (Law), No. 6361, the provision that stipulates that the number of partners in the Law should be at least 5 was removed.

With the amendment made, the obligation of a minimum of 50 million Turkish Lira paid-in capital previously laid down for factoring companies is also valid for financial leasing and financing companies regulated in the Law. The paid-in capital amount for savings financing companies has been determined as at least 100 million Turkish Liras, and the Board has been authorized to re-determine the minimum paid-up capital amount that is likely to increase due to inflation, economic conjuncture, sector development and similar reasons for companies to be established in the future.

The measures to be requested from the company have been clarified in cases where the equity of the companies is impaired due to the asset quality and income-expenditure balance in a way that prevents the safe execution of the activities, or the risks exposed to increase significantly due to the improvidence of the company management or such risks intensify in a way that may weaken the financial structure.

The phrase "among the activities and equities of companies" in Article 15 of the Law No. 6361 was

removed and by this way it is possible to set limits and standard ratios other than those associated with equity in order to protect the financial soundness of companies.

Asset management companies and organizations subject to the supervision and control of the Agency, deemed appropriate by the Board, were also ensured to become members to the Association of Financial Leasing, Factoring and Financing Companies, which was established for the purpose of meeting the joint needs of the companies subject to the Law No. 6361, ensuring the development of the profession in accordance with the general interests; ensuring honesty and trust in the relations of the members of the profession with each other and with the customers, and protecting professional discipline and code of conduct. And the title of the union was changed to "Association of Financial Institutions".

On the other hand, the reasons for the cancellation of the operating licenses of companies other than savings financing companies, which are within the scope of the Law No. 6361, are listed in Article 50, but the reason for the cancellation of the basic operating license such as the deterioration of the financial structure is not included. It is stipulated that the operating license of the relevant company will be revoked if the measures regarding the financial structure requested by the Agency are not taken by the companies other than the savings financing companies, or if the problems cannot be resolved within the appropriate time period permitted by the Agency despite the precautions, or if it is determined by the Agency that no results will be obtained even if these measures are taken in order to eliminate the aforementioned deficiency that caused problems in the implementation of the provisions of the law.

In addition, an amendment has been made to allow the Agency to take a decision to remove the content and/or block its access if unauthorized banking activities are processed via the internet.

Arrangements have been made for harmonization in Articles 93 and 101 of the Banking Law No. 5411.

Law on the Amendment of the Insurance Law and Laws on Other Areas, and a Statutory Decree, dated 20.05.2021, numbered 7319 (Official Gazette, dated 25.05.2021, numbered 31491): Article 99 of the Banking Law No. 5411 regarding the Financial Sector Commission has been repealed to ensure an effective financial monitoring and financial sector development structure.

Law on the Amendment of Certain Laws and Statutory Decrees, dated 18.07.2021, numbered 7333 (Official Gazette, dated 28.07.2021, numbered 31551): With the said Law, amendments are made in the Law No. 6361. With these amendments, it has been regulated that the companies whose operating licenses have been revoked shall be liquidated by the commission to be appointed by the Savings Deposit Insurance Fund.

Law on Amendments to Tax Procedure Law and Certain Laws, dated 14.10.2021 and numbered 7338 (Official Gazette, dated 26.10.2021, numbered 31640): With the Article 58 of the said Law, the exemption of stamp tax, fees and Resource Utilization Support Fund was made permanent for the asset management companies during the calendar year they were established and the following 5 years, and the exemption regarding the banking and insurance transactions tax granted to the companies in question was abolished.

3.1.2. Regulations

Regulation amending the Regulation on the Principles regarding Repo and Reverse Repo Transactions to be made by Banks (Official Gazette, dated 10.02.2021, numbered 31391): With the amendment made in the regulation, it has been stated that the repo (reverse repo) transactions include the transactions based on methods and financial instruments in accordance with the interest-free banking principles and standards. In addition, participation shares of mutual funds, debt instruments issued by the Türkiye Wealth Fund, real estate certificates and project-based securities, excluding hedge funds, are included in financial instruments that can be subject to repo and reverse repo transactions by banks.

It has been regulated that in repo and reverse repo transactions to be made with non-residents, only shares determined to be subject of repo and reverse repo transactions in the markets of Borsa İstanbul A.Ş can be subject to transaction by Borsa İstanbul A.Ş. In addition to the ones listed above, the financial instruments specified in the Regulation and issued by the public institutions that are under the public legal entity of the Republic of Türkiye and that do not have a separate legal entity, and foreign institutions, of which CBRT is a member or partner, are allowed to be subject to repo and reverse repo transactions. In accordance with the such amendments, necessary changes have been made regarding the valuation and collateralization of these financial instruments

Regulation amending the Regulation on the Procedures and Principles for Purchase and Sale of Precious Metals by Banks (Official Gazette, dated 10.02.2021, numbered 31391): The minimum fineness values to be applied in the physical acceptance of gold by banks have been determined. With the amendment, it is aimed to establish a standard practice in the valuation of physical gold provided by banks by both bank personnel and experts from whom the bank receives appraisal services.

Regulation on Recovery Plans to be prepared by Systemically Important Banks (Official Gazette, dated 16.03.2021, numbered 31425): With Article 66/A on recovery plan to be prepared by banks as added to the Banking Law No. 5411, in the event that any of the situations that may cause deterioration in their financial structure are observed or likely to occur due to non-compliance with the protective provisions in the regulations, or if there is a possibility of occurrence, banks determined as systemically important by the Agency are obliged to prepare and send a recovery plan within the framework of the procedures and principles to be determined by the Agency, in order to determine the measures to be taken in advance.

Regulation amending the Regulation on the Measurement and Evaluation of Interest Rate Risk due from Banking Accounts with the Standard Shock Method (Official Gazette, dated 27.03.2021, numbered 31436): As participation banks operate on the basis of risk sharing; they are less affected by changes in market interest rates than deposit banks, no negative impact is seen on participation funds due to changes in market interest rates and transfers are made in favor of fund owners at reasonable levels, it is required for these banks to differentiate in the calculation of the interest rate risk arising from the banking accounts. For this reason, the Agency has been authorized to determine the rates of taking into account the positions originating from participation accounts in the calculation of the interest rate risk standard ratio arising from banking accounts.

Regulation on Remote Identification Methods to be Used by Banks and Establishment of Contractual Relationship in the Electronic Environment (Official Gazette, dated 01.04.2021, numbered 31441): With the regulation, the procedures and principles regarding the remote identification methods that can be used by banks in acquiring new customers and the banking services to be provided after the identification of

the customer, are regulated in a way that replaces the written form over an information or electronic communication device, whether distant or not, or to establish a contractual relationship at a distance. The Regulation entered into force as of 01.05.2021.

Regulation Governing the Incorporation and Operating Principles of Saving Financing Companies (Official Gazette, dated 07.04.2021, numbered 31447): The Regulation on Establishment and Operating Principles of Savings Financing Companies, which was prepared in line with the amendments made in Law No. 6361, entered into force after being published in the Official Gazette dated 07.04.2021.

Regulation on Sharing of Secret Information (Official Gazette, dated 04.06.2021, numbered 31501): With the regulation, the obligation to keep secrets, exceptions to this obligation and the concept of customer secret have been clarified, and it is aimed to determine general principles and procedures regarding the sharing and transferring confidential information. The Regulation was published in the Official Gazette dated 04.06.2021 and entered into force on 01.01.2022.

Regulation amending the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy (Official Gazette, dated 08.06.2021, numbered 31505): The Regulation has been amended to adapt the practices in international standards to national legislation as a result of the issuance of mortgage-backed securities and asset-backed securities has an increasing trend in our country. Accordingly, the regulations regarding the risk class of mortgage-backed securities have been rearranged for the secured securities and it has been determined which risk weight will be applied to which credit quality level.

Regulation amending the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies (Official Gazette, dated 29.06.2021, numbered 31526): Savings Financing Companies are included in the scope of Law No. 6361 with the Law No. 7292 on Financial Leasing, Factoring and Financing Companies and Amendment of Certain Laws. In this regard, the title and scope of the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies published in the Official Gazette dated 24.12.2013 and numbered 28861

has been expanded to include savings financing companies. In addition, the name of the Law on the basis of the Regulation has been updated.

Regulation amending the Regulation on the Uniform Chart of Accounts (Official Gazette, dated 29.06.2021, numbered 31526): Since savings financing companies are included in the scope of Law No. 6361, the scope of the Regulation on the Uniform Chart of Accounts has been expanded to include savings financing companies. In addition, the title of the Law on the basis of the aforementioned Regulation has been updated.

Regulation amending the Regulation on Procedures and Principles for Classification of Loans and Provisions to be set aside (Official Gazette, dated 06.07.2021, numbered 31533): In accordance with the Regulation, banks are obliged to document their practices regarding the reclassification of non-performing loans and performing loans in groups having higher creditworthiness among sub-groups and to keep them available for audit. In addition, it has been regulated that bank should make the criteria regarding the class change of their non-performing loans ready for inspection by putting them in writing to ensure that the said practices are carried out within the framework of a policy text. It has been regulated that if the debtor's liabilities are decided to be restructured, the debtor can be included in the scope of restructuring if the banks make an assessment of the debtor's repayment capacity before the restructuring and the result of the assessment is approved. It is stipulated that commodities, real estates, partnership shares and other assets acquired by banks due to receivables shall be recorded over the lower of the amount calculated as a deduction for the loan debt and the fair value less selling costs. In addition, partnership shares and other assets that banks have to acquire other than real estates and commodities due to their receivables have been added to Article 16 of the Regulation.

Regulation amending the Regulation on Loan Transactions of Banks (Official Gazette, dated 08.07.2021, numbered 31535): With the amendment made in the second paragraph of the article 49 of the Banking Law No. 5411 as per the Law, No. 7222 and the abolition of the obligation for the members of the Board of Directors to acquire shares in the Turkish Commercial Code No. 6102, necessary changes were made in the Regulation. On the other

hand, non-cash loans granted to state economic enterprises for the provision of cash loans with treasury repayment guarantee are also included in the scope of transactions that are not subject to loan limits. In addition, it is regulated that the payment of the price to the seller shall not be required in cases where the procedures and principles of participation banks are determined by the Board in their transactions based on sales methods. In addition to the aforementioned amendments, articles 18/A, 18/B, 18/C and 19/A were added to the Regulation regarding the resolution of non-performing loans, and temporary articles were inserted to provide transition and adjustment period for newly added articles.

Regulation on the Principles of Establishment and Operation of Asset Management Companies and Transactions related to the Acquisition of Receivables (Official Gazette, dated 14.07.2021, numbered 31541): The Regulation regulates the procedures and principles regarding the establishment and operations of asset management companies as well as the transactions regarding the receivables to be acquired by asset management companies. The Regulation on the Principles of Establishment and Operation of Asset Management Companies published in the Official Gazette dated 01.11.2006 and issued 26333 and Regulation on the Sales of Receivables of State-owned Banks and Financial Institutions that are Subsidiaries of These Banks to Asset Management Companies published in the Official Gazette dated 11.08.2017 and issued 30151 have been repealed.

Regulation Amending the Regulation on the Sharing of Secret Information (Official Gazette, dated 24.12.2021, numbered 31699): The effective date of the Regulation on the Sharing of Secret Information published in the Official Gazette dated 04.06.2021 and numbered 31501 has been changed to 01.07.2022.

Regulation amending the Regulation amending the Regulation on Own Funds of Banks (Official Gazette, dated 24.12.2021, numbered 31699): In order to prevent the negative effects of banks' capital adequacy ratios due to the fact that general provisions are not included in the contribution capital calculation in the current economic conjuncture as of 2022, the article 2 of the Regulation Amending the Regulation on the Own Funds of Banks" published in the Official Gazette, dated 04.03.2018 and numbered 30360 and the Regulation amending the "Regulation Amending

the Regulation on Own Funds of Banks" published in the Official Gazette dated 24.12.2019 and numbered 30988 were repealed and it was ensured that the current practice (taking into account the general provisions in the contribution capital calculation) was maintained.

Regulation Amending the Regulation on the Amendment to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks (Official Gazette, dated 24.12.2021, numbered 31699): The 1st article of the "Regulation Amending the Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette dated 14.03.2018 and numbered 30360, and the "Regulation on the Amendment of the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette dated, 24.12.2019 and numbered 30988 were repealed in order to reflect the practice of continuing to take into consideration general provisions in the calculation of contribution capital to the capital adequacy practice and required changes have been made.

Regulation on Operating Principles of Digital Banks and Service Model Banking (Official Gazette, dated 29.12.2021, numbered 31704): As known, the second paragraph of Article 76 of the Banking Law ("Law") No. 5411 and the Law, No. 7247, dated 18.06.2020 was amended, and "Regulation on Remote Identification Methods to be Used by Banks and Establishment of Contractual Relations in the Electronic Environment", published in the Official Gazette, dated 01.04.2021, numbered 31441 was prepared. With the entry into force of the said Regulation, it has been made possible to establish contractual relations between banks and their customers in electronic environment, including contracts that must be in written form, and thus, an important step has been taken towards establishing the infrastructure of the branch-free banking model, also called "neo-bank", which works only in the digital environment, as in the applications of other countries. As a continuation of this step, the issue of "Enabling Digital (Branch-free) Banking Licensing (applications)" was included in the Economic Reforms Action Plan announced by the Ministry of Treasury and Finance as the action step 3.4c and the Banking Regulation and Supervision Agency has been identified as the responsible authority.

The Regulation on the Operating Principles of Digital Banks and Service Model Banking, prepared

in line with this framework, entered into force after being published in the Official Gazette dated 29.12.2021 and numbered 31704. The regulation was prepared in the light of the ideas of encouraging financial innovation and competition in the banking sector, increasing financial inclusion and facilitating access to banking services. The purpose of the regulation is to determine the procedures and principles regarding the activities of branchless banks, which only serve through electronic banking services distribution channels, and the provision of banking services as a service model to financial technology companies and other businesses.

Regulation on Disciplinary Superiors of the Banking Regulation and Supervision Agency (Official Gazette, dated 29.12.2021, numbered 31704): The Regulation has been prepared with the aim of determining the disciplinary superiors of public officers working in the Banking Regulation and Supervision Agency.

Regulation amending the Regulation on Human Resources of the Banking Regulation and Supervision Agency (Official Gazette, dated 29.12.2021, numbered 31704): Changes have been made regarding the conditions required to be appointed as the technicians and mechanics.

Regulation amending the Regulation on Promotion and Title Changes of the Banking Regulation and Supervision Agency's Personnel (Official Gazette, dated 29.12.2021, numbered 31704): With the regulation, various changes have been made regarding the task groups and the conditions for them.

Regulation amending the Regulation on the Procedures and Principles regarding the Purchase and Sale of Precious Metals by Banks (Official Gazette, dated 31.12.2021, numbered 31706, 5th Reiteration): With the regulation, changes were made regarding the minimum gold fineness values applied for physical gold collected by banks, contracted jewelers serving on behalf of banks and precious metal experts to record credits in gold accounts of bank customers.

Regulation on Audit of Information Systems and Business Processes (Official Gazette, dated 31.12.2021, numbered 31706, 6th Reiteration): The Regulation regulates the procedures and principles regarding the auditing of the information systems

and business processes of the institutions under the supervision and control of the Authority, by the independent audit firms authorized within the scope of the said Regulation.

3.1.3. Communiqués

Communiqué on the Amendment the Communiqué on Credit Risk Mitigation Techniques (Official Gazette, dated 08.06.2021, numbered 31505): With the Regulation amending the Regulation on Measurement and Evaluation of Capital Adequacy of Banks, published in the Official Gazette, dated 08.06.2021, numbered 31505, changes regarding the guaranteed securities are reflected in the Communiqué on Credit Risk Mitigation Techniques.

Communiqué on Management and Audit of the Information Systems of Information Exchange Institutions and Risk Center (Official Gazette, dated 19.08.2021, numbered 31573): With the Communiqué, the minimum procedures and principles to be taken as a basis in the management and audit of information systems used by the Risk Center and information exchange institutions in the performance of their activities are regulated.

Communiqué on the Amendment to the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks (Official Gazette, dated 21.09.2021, numbered 31605): Amendments have been made in the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks due to the adaptation of the practices in international standards to our country's legislation and the increasing trend in the issuance of mortgage-backed securities (ITMK) and asset-backed securities. The amendments made in the Regulation are included in the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to the Public by Banks. In the Communiqué; the phrase ITMK has been changed to Guaranteed Securities (TMK) and risk weights specific to TMKs have been created to comply with Basel standards. On the other hand, while the said changes were being made, some other changes were made in the related tables within the framework of the updates made within the scope of Basel standards.

Communiqué on the Amendment to the Communiqué on Disclosures about Risk

Management to be Announced to Public By Banks (Official Gazette, dated 21.09.2021, numbered 31605): Due to the upward trend in the issuance of mortgage-backed securities and asset-backed securities, the adoption of international standards to our country's legislation, amendments have been made to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks. The amendments made in the Regulation have been included in the Communiqué on Disclosures about Risk Management to be Announced to Public By Banks based on the said Communiqué.

Communiqué Amending the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking (Official Gazette, dated 30.11.2021, numbered 31675): The Communiqué is revised as some provisions of the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking were required to be amended and/or expressed in a way that would not leave any room for doubt. On the other hand, amendments are made in the Communiqué to determine the principles and procedures for informing customers within the scope of interest-free banking principles and standards and advisory committee decisions by the Board.

Communiqué on Procedures and Principles regarding Informing Customers and the Public within the scope of Interest-Free Banking Principles and Standards (Official Gazette, dated 30.11.2021, numbered 31675): With the aim of regulating the procedures and principles regarding participation banks and development and investment banks providing financing within the scope of the tenth paragraph of the 19th article of the Regulation on Loan Operations of Banks published in the Official Gazette dated 01.11.2006 and numbered 26333, the said Communiqué has been prepared for informing their customers and the public within the scope of interest-free banking principles and standards. The Communiqué entered into force on 01.01.2022.

3.2. Regulations Completed and Entered in Force in 2022

Regulation on Remote Identification Methods to be Used by Financial Leasing, Factoring, Financing and Savings Financing Companies and Establishment of Contractual Relations in the Electronic Environment (Official Gazette, dated 11.01.2022, numbered 31716): As known, the contracts drawn up in the aforementioned articles

pursuant to the first paragraph of Article 22, the second paragraph of Article 38, the third paragraph of Article 39 and the second paragraph of Article 39/A of the Law No. 6361 can be made at a distance or not by using distance communication tools and that they can be established through methods that the Board determines can replace the written form and that will be carried out over an informatics or electronic communication device and that will allow the verification of the customer's identity. With the regulation, the procedures and principles regarding the remote identification methods that can be used by financial leasing, factoring, financing and savings financing companies in acquiring new customers and the services to be provided after the identification of the customer, are regulated in a way that replaces the written form over an information or electronic communication device, whether distant or not, or to establish a contractual relationship at a distance.

Regulation on Amendment of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (Official Gazette, dated 04.02.2022, numbered 31740): To reduce the model risk in the capital adequacy standard ratios calculated by banks using the internal rating-based approaches, and to increase the comparability among banks, a capital base application has been introduced, and the approaches regarding the calculation of counterparty credit risk and the calculation of capital requirement for risks to central counterparties have been updated taking into account international standards.

Communiqué on the Amendment to the Communiqué on Communiqué on Disclosures about Risk Management to be Announced to Public By Banks (Official Gazette, dated 04.02.2022, numbered 31740): As a result of the updating of the approaches regarding the calculation of counterparty credit risk and the calculation of the capital requirement for risks to central counterparties, changes have been made in the explanations to be made regarding risk management, taking into account international standards.

Communiqué on the Amendment of Credit Risk Mitigation Techniques (Official Gazette, dated 04.02.2022, numbered 31740): Necessary changes have been made in credit risk mitigation techniques, depending on the updating of the approaches regarding the calculation of counterparty credit risk and the calculation of capital requirements for

risks to central counterparties, taking into account international standards.

Regulation on Amendment of the Regulation on Calculation of Banks' Liquidity Coverage Ratio (Official Gazette, dated 04.02.2022, numbered 31740): Due to the adaptation of international standards to our country's legislation and the increasing trend of issuance mortgage covered bonds (ITMK) and asset covered bonds, amendments are made in the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks. Based on the amendment made in the regulation, the need to change the phrase ITMK in the Regulation on Calculation of Banks' Liquidity Coverage Ratio and the tables is changed as covered bonds. In addition, the references to the Undersecretariat of Treasury have been changed to refer to the Ministry of Treasury and Finance, as the Undersecretariat, which is referred to by the Presidential Decree No. 1, merged with the Ministry of Finance with all its duties and powers and took the name of the Ministry of Treasury and Finance of the Republic of Türkiye.

3.3. Major Board Decisions

Board Decision on TL Access Limits of Foreign Central Depository Institutions (Board Decision dated 10.03.2021 and numbered 9455): It has been decided that the exemption brought by the Board Decision dated 28.07.2020 and numbered 9109 for foreign central depository institutions defined in the capital market legislation and to be identified by the Agency regarding the restrictions on access to TL specified in the Board Decision dated 12.04.2020 and numbered 8989 and the Board Decision dated 05.05.2020 will cover all securities clearing activities, not just TL securities clearing.

Board Decision Regarding the Credit Rating Obligation of Companies (Board Decision dated 27.05.2021 and numbered 9590): For the companies other than banks and financial institutions with a total risk of 500 million TL and above, according to the most recent information in the Risk Center of the Banks Association of Türkiye, including the requested loan, specified in the Board Decision dated 10.09.2020, numbered 9133 taken pursuant to the third paragraph of Article 8 of the Regulation on Loan Operations of Banks in order to use loans, the date to obtain a rating from a rating agency authorized by the Agency until 30.06.2021 shall be extended to 31.12.2021, considering the pandemic

conditions, current period and resource capacity; in order not to disrupt the credit allocation processes and to spread the rating service costs that the related companies will be incurred over time, provided a contract is signed with the authorized rating agency until 31.08.2021 and the rating report to be prepared for the rating requests made within the said period is completed by 31.12.2021 even if the rating report has not been prepared yet, by obtaining a document to prove that the contract has been executed.

Board Decision on Membership to the Risk Center and Sharing Information with Members (Board Decision dated 03.06.2021 and numbered 9607): It is decided Small and Medium Enterprises Development and Support Administration (KOSGEB) to become a member to the Risk Center within the framework of Annex 1 article of the Banking Law No. 5411. In the decision, it is also decided to inform the Risk Center that the information deemed appropriate to be collected and shared with all members from JCR Avrasya Derecelendime A.Ş. covers rating notes not publicly available ones.

Board Decision Regarding the Decisions taken during the Pandemic Period (Board Decision, dated 17.06.2021 and numbered 9624): As a result of the re-evaluation of some of the Board Decisions and instructions taken in the past, which made some temporary arrangements in obligations in order to support the real sector, bank customers and banks during a period when the uncertainties and risks in the global markets are high due to the pandemic, the Board decided to extend the implementation of the said arrangements and to terminate the implementation of the others.

Board Decision regarding the Article 11/A of the Regulation on Banks' Loan Transactions (Board Decision dated 29.06.2021 and numbered 9642): It was decided to set the said amount as 100 million TL, of which total risk above the amount to be determined by the Board according to the most up-to-date information in the Risk Center, including the requested loan, for the documents required to be obtained during the loan allocation stage in accordance with Article 11/A of the Regulation on Loan Operations of Banks.

Board Decision on Increasing the Risk Weights of Consumer Credit Cards and Consumer Loans (Board Decision, dated 01.07.2021, numbered 9645): The risk weights of consumer credit cards and consumer loans were changed, and it was decided to apply

the new risk weights determined as a result of these changes to the new loans extended after the date of the said Decision. In this context, it was decided to apply 100% risk weight for individual credit cards, including expenditures made with credit cards and cash withdrawals, with a remaining maturity of more than 1 month but not more than 6 months, and 150% for individual credit cards with a remaining maturity of more than 6 months. It was also regulated that the risk weight would be applied as 100% for loans or consumer loans with a remaining maturity of more than 1 month but not more than 12 months, and 150% for loans with a remaining maturity of more than 1 year, excluding overdraft accounts.

Board Decision on Changes in Loan Term and Credit Card Installment Limits and Credit Value Rate (Board Decision dated 01.07.2021, numbered 9646): Pursuant to the seventh paragraph of Article 26 of the Regulation on Bank Cards and Credit Cards, the sixth paragraph of Article 12/A of the Regulation on Credit Transactions of Banks and the fifth paragraph of article 11/A of the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies, changes were made in the credit card installment limits, loan maturity limits and the rate of the loan amount to value of the vehicle within the framework of macro precautionary measures.

Board Decision on Determining the Risk Weights of the Securities to be issued by Mortgage Financing Institutions (Board Decision dated 01.07.2021, numbered 9655): In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy, it was decided to apply the following risk weights according to the credit quality level of the issue, securities to be issued in a single tranche from

Credit quality level of the issue	1	2	3	4	5	6
Risk weight (%)	10	20	50	100	100	100

Board Decision on Increasing Loan Term and Credit Card Installment Limits for Residents in Düzce, Rize and Artvin due to the Flood Disaster happened in Düzce, Rize and Artvin (Board Decision dated 29.07.2021 and numbered 9720): The Board Decided not to apply credit maturity limits until 01.01.2022 for residents of Düzce, Rize and Artvin and to increase credit card installments up to 1 time due to the flood disaster in Düzce, Rize and Artvin.

the balance sheet of mortgage finance institutions (IFK) established by at least 5 banks, or through the asset finance fund or housing finance fund to be established by IFKs, by showing the guaranteed securities to be issued by the banks subject to the supervision and audit of the Banking Regulation and Supervision Agency or other financial institutions or the loans taken over from the banks as assets, that will be valid for a period of 3 years from the date of this decision and limited only to the issues within this scope.

Board Decision on Uniform Chart of Accounts Arrangements of Savings Financing Companies (Board Decision dated 08.07.2021, numbered 9687): In accordance with the Board Decision and the first paragraph of Article 4 of the Regulation on Uniform Chart of Accounts, "The Uniform Chart of Accounts and Prospectus be Implemented by Financial Leasing, Factoring and Financing Companies" has been expanded to include accounts to be used by savings financing companies. The name of the aforementioned regulation has been changed as "Uniform Chart of Accounts and Prospectus to be Implemented by Financial Leasing, Factoring, Financing and Savings Financing Companies".

Board Decision on Partnership Shares Acquired Due to Receivables (Board Decision No. 08.07.2021 - 9688): Pursuant to the first paragraph of Article 4 of the Regulation on Uniform Chart of Accounts, "Uniform Chart of Accounts and Prospectus to be Implemented by Banks" and "Uniform Chart of Accounts and Prospectus to be Implemented by Participation Banks", 29802 Partnership Shares" and "29809 Other Assets" accounts were included under "298 ASSETS TO BE SOLD – T.P." account and Account Statement No. 298 was revised accordingly.

Board Decision on Increasing Loan Term and Credit Card Installment Limits for Residents in Bartın, Kastamonu and Sinop due to Flood Disaster happened in Bartın, Kastamonu and Sinop (Board Decision, dated 19.08.2021, numbered 9753): The Board Decided not to apply loan maturity limits until 01.01.2022 for residents of Bartın, Kastamonu and Sinop and to increase credit card installments up to 1 time due to the flood disaster in Bartın, Kastamonu and Sinop.

Board Decision on the Uniform Chart of Accounts and Prospectus to be Applied by Participation Banks (Board Decision dated 09.09.2021, numbered 9779):

In the "Uniform Chart of Accounts and Prospectus to be Applied by Participation Banks", subsidiary accounts with monthly, quarterly, 6-monthly and annual profit share payments were opened under "322 – 323 Participation Accounts Special Fund Pools - T.P. – Y.P." for special fund pools and "622 – 623 Dividends Given to Participation Accounts - Special Fund Pools - T.P. – Y.P.", taking into account the payment frequency, which would be valid as from 01.01.2022. An explanation was added to the Uniform Chart of Accounts regarding these opened accounts. With regard to forward trade financing transactions; general ledgers accounts 100-101 for discounted transactions, 104-105 for unearned income from discounted transactions and 106-107 for receivables from futures trade finance were opened. Required income accounts (starting numbers of 5-7), expenses accounts (starting numbers of 6--8), and liabilities accounts (starting numbers 3,) and off-balance accounts (starting numbers of 9) were created for newly opened accounts. In addition, since it was understood that there would be no need after opening new accounts, the accounts of "102 – 103 Financing Commodity Against Documents - T.P. – Y.P." were closed.

Board Decision on Postponing the Date of Rating Obligation for Companies (Board Decision dated 16.09.2021, numbered 9789):

As it is known, in order for companies, excluding banks and financial institutions, with a total risk of 500 million TL or more, including the requested loan, according to the latest information in the Risk Center, it is obligatory to sign a rating agreement until 31.08.2021 and obtain a rating note until 31.12.2021 from a rating agency authorized by the Board within the framework of the Board Decision dated 27.05.2021 and numbered 9590. It was decided to extend the condition of starting the rating process by signing a contract with an authorized rating agency until 31.12.2021, in order for companies within the scope of rating obligation to use credit. However, in the loan applications of companies that are just covered by the rating requirement after this date, it is required that a document confirming that the rating process has been initiated by an authorized rating agency must be submitted to the bank to which the application is made, by the company applying for loan usage approval. On the other hand, the determination of

the credit quality level of receivables from central governments and central banks within the scope of the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks, the non-resident companies with a credit rating from the current rating institutions (Fitch, Moody's, S&P, JCR, DBRS and IIRA) that the Board allows for matching in determination of the credit quality level of receivables from central governments and central banks are exempted from the rating requirement.

Board Decision on Time Extension of Pandemic Period Decisions (Board Decision dated 16.09.2021, numbered 9795):

As a result of re-evaluation of certain Board Decisions and instructions in the past, it was decided to continue only the application of the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date for the calculation of value at credit risk in the capital adequacy application, among the applications that are stated to expire as of 30.09.2021, and it was decided to terminate the implementation of the other applications taken due to the pandemic.

Board Decision on the Maturity Limits of Consumer Loans (Board Decision dated 16.09.2021, numbered 9811):

It was decided that the general maturity limit for consumer loans was reduced from 36 months to 24 months for loans with a loan amount over 50 thousand Turkish Lira, and the consumer loans extended before the date of the Decision can be restructured for a maximum of 36 months if requested by the debtor even if the debt balance of the loans is over 50,000 Turkish Liras.

Board Decision on Changing the Maturity Limits for Consumer Loans and Credit Card Installment Limits (Board Decision dated 21.12.2021, numbered 9993):

With the Decision, provided that the workplace that accepts the card is in the nature of "renewal center" or "authorized dealer" in accordance with the Regulation on the Sale of Refurbished Products, in the purchase of mobile phones that are "refurbished products" within the scope of the said Regulation, the maturity limit is determined as 12 months for mobile phones with a price of 5,000 Turkish Lira and below, 6 months for mobile phones with a price above 5,000 Turkish Liras and the amount of 3,500 Turkish Liras, taken into account in determining the maturity limit for consumer loans has been increased to 5,000 Turkish Liras.

Board Decision on Changes Regarding CAR Calculation (Board Decision dated 21.12.2021 and numbered 9996): It was decided that as of 01.01.2022, the application for using the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date, will continue until otherwise is decided by the Board by using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31.12.2021.

In addition, in case the net valuation differences of the securities held by the banks in the portfolio of "Securities at Fair Value Through Other Comprehensive Income" as of the date of the said Decision are negative, it was decided not to use the valuation differences in the amount of equity will be calculated in accordance with the Regulation on Banks' Equity and to be used for the capital adequacy ratio, and to continue to apply the existing provisions of the aforementioned Regulation for "Securities at Fair Value Through Other Comprehensive Income" acquired after the decision date. On the other hand, the limit for the definition of small and medium-sized enterprises (SMEs) in the Capital Adequacy Regulation is determined as 220.000.000 TL for domestic SMEs, and the retail credit limit as 10.000.000 TL and for non-resident SMEs it was decided to use SME definition used in the calculation of capital adequacy by the banking authority of the country where the SME is located.

3.4. Repealed Regulations

Board Decision Regarding the Annulment of the Circulars No. 2004/3, 2007/2 and 2011/2 and the Board Decision No. 1918 dated 04.07.2006 (Board Decision No. 9370 dated 07.01.201): It was decided to repeal the Circular No. 2004/3, 2007/2 and 2011/2 and the Board Decision dated 04.07.2006 and numbered 1918.

Regulation on the Principles of Incorporation and Operations of Asset Management Companies and Transactions related to the Acquisition of Receivables(OG No. 31541, dated 14.07.2021): With this Regulation, the Regulation on the Principles of Incorporation and Operations of Asset Management Companies published in the Official Gazette dated 1/11/2006 and issued 26333 and the Regulation on

Governing the Sales of Receivables of State-owned Banks and Financial Institutions that are Subsidiaries of These Banks to Asset Management Companies published in the Official Gazette dated 11/8/2017 and issued 30151 have been repealed.

3.5. Draft Regulations in Progress

Draft Regulation on the Amendment of the Regulation on the Independent Audit of Banks: An additional paragraph has been added in Article 8 of the Regulation "Requirements for organizations", for the re-listing of independent audit companies that have been removed from the list indefinitely and the notification obligation within the scope of Annex-5 is also terminated in the third paragraph of Article 18 "Follow-up Obligations of the Firm and Notifications", in addition to the first paragraph. In Article 19 "Professional Liability Insurance", the period for sending the policy sample to the Agency has been extended. In Article 20 "Preparation of annual reports", a regulation has been made to distinguish between notifications to be made by taking into account whether independent audit activities are carried out in banks by independent audit firms and to determine the reporting period for institutions using special accounting periods, and the procedures regarding the Draft Regulation are consummated.

Draft Regulation Amending the Regulation on the Procedures and Principles for Classification of Loans and the Provisions to be Set aside, and the Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Financing Companies: The recognition limit for past-due loans are 100 EUR for retail exposures and 500 EUR for exposures other than retail exposures in the regulations of the European Banking Authority (EBA). In order to harmonise the seventh paragraph of Article 5 of the Regulation on the Procedures and Principles For Classification of Loans And Provisions To Be Set Aside, it is planned to update the classification limit of non-performing loan as 500 TL for retail exposures and 2.500 TL for other exposures and to be able to adjust these limits in the following years by the inflation rate. In line with the amendment to be made, draft regulation is also carried out in the third paragraph of Article 6 of the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Financing Companies.

Draft Regulation on the Amendment of the Regulation on the Authorization and Activities of Institutions to Provide Valuation Services to Banks and the Authorization of Rating Companies and their Activities: Taking into account the failures in practice, it is planned to carry out a comprehensive study, in particular, the 8th, 9th and 20th articles of the Regulation on Valuation in line with the requests received by the Banks and the Banks Association of Türkiye.

Draft Regulation on the Calculation of the Net Stable Funding Ratio of Banks: Draft Regulation Regarding the Calculation of Banks' Net Stable Funding Ratio was prepared on the basis of Basel III Standard on Net Stable Funding Ratio that was accepted by Basel Banking Supervision Committee (BCBS) on October 2014 and amended. In regulated areas, frequently asked questions as part of the aforementioned standard are accepted and published by the BCBS to ensure the unity of application among the countries implementing the standard. In this context, the Draft Regulation on the Calculation of the Net Stable Funding Ratio of Banks has been prepared by, taking into account the updated Basel III: Net Stable Funding Ratio standard and related documents, and the Draft Regulation has been revised by taking into account the updates in other relevant Basel III standards referenced by this standard. With the Regulation, it is aimed to strengthen the passive structure of banks to ensure more stable and reliable funding in order to prevent the deterioration of liquidity levels of the funding risk that banks may be exposed to in the medium and long term. The net stable funding ratio, which is planned to be measured in both consolidated and unconsolidated form, should not be less than 100 percent of the three-month simple arithmetic average in March, June, September and December.

Draft Communique on the Amendment to the Communique on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks: It has been developed to reduce the obligation of banks to prepare explanations and footnotes regarding the implementation of the Basel III: Net Stable Funding Ratio standard and to share them with the public, the need to develop an approach to present regulatory funding obligations in a transparent manner and to reinforce the principles set forth in the robust liquidity risk management and audit, to strengthen market discipline and to reduce the uncertainties that may arise in the market with

the implementation of the net stable funding rate standard. In this context, the standard for the sharing of information on the source and intended use of the stable fund, and the data on the net stable funding rate with the public over a standard template through certain channels at certain periods, was accepted and published by the Basel Committee on Banking Supervision. With the standard, it is aimed to share internationally comparable and consistent information with the public, and efforts are being made to amend the regulation in the relevant article so that the explanations on the net stable funding rate and footnotes can be shared with the public at the same time, along with the explanations and footnotes on the liquidity coverage ratio.

Draft Regulation on Funds to be Provided by Development and Investment Banks: Studies are carried out to regulate the procedures and principles regarding the funds to be provided by loan customers, partnerships and partners in order to diversify the funds that development and investment banks can provide.

Studies for the Amendment of the Regulation on the Corporate Governance Principles of Banks, the Regulation on the Internal Systems of Banks and the Internal Capital Adequacy Assessment Process, and the ISEDES Report: Within the framework of the lessons taken from the global financial crisis that started in 2007, amendments were made in the corporate governance principles previously published by the institutions that set international standards, in order to improve the corporate management of banks and the authorities to supervise this area more tightly. More comprehensive management principles have been developed in the area of risk controls and internal audit systems. The Regulation on the Corporate Governance Principles of Banks and the Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process are subject to revision in order to adapt to these developments, to cover the new management principles developed in the face of problems experienced in the international arena, and to eliminate the problems experienced in the current practice in this field. In addition, since the provisions regarding the internal capital assessment process of banks are planned to be regulated by a separate regulation, efforts are being made to issue the Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process in 2 parts, one for the internal

systems of the banks (internal audit, internal control and risk management systems) and the other for the internal capital assessment process. Within the framework of the studies on the "Internal Capital Adequacy Evaluation Process", necessary changes are made in the Regulation and Guide, the internal capital adequacy evaluation process and the procedures and principles regarding their operation taking into account international good practices and the characteristics of the Turkish Banking Sector to calculate the internal capital requirement of banks at a level that will meet the risks they are and may be exposed to, and to ensure that they continue their activities with a capital above this level.

3.6. Impact Analyses

As part of the impact analysis study prepared pursuant to clause six of article 101 of the Banking Law No. 5411, numerical analysis results are presented for measurable arrangements and the assessments made in the context of expert opinions are presented for other arrangements. On the other hand, the Report does not include impact analyses on decisions on individual organizations or persons and decisions and sub-regulations considered to be under the scope of article 73 of the Banking Law No. 5411.

3.6.1. Impact Analysis on Laws

Impact Analysis of the Law on Financial Leasing, Factoring and Financing Companies, dated 04.03.2021, numbered 7292 and on Amending Certain Laws (Official Gazette dated 07.03.2021 and numbered 31416): With the relevant regulation, it is aimed to ensure financial stability and protect the rights and interests of account owners by introducing certain standards regarding contract establishment, capital liabilities, activities, liquidation and adjustment processes of savings financing companies. 21 of the savings financing companies were liquidated and the adjustment process of 6 of them continues.

Impact Analysis of the Law on Amending the Tax Procedure Law and Certain Laws, dated 14.10.2021, numbered 7338 (Official Gazette dated 26.10.2021 and numbered 31640): With the 58th article of the said Law, the stamp duty, fees and Resource Utilization Support Fund exemption applied to asset

management companies during the calendar year they were established and the following 5 years were made permanent, and the exemption regarding the banking and insurance transactions tax granted to the said companies was abolished.

3.6.2. Impact Analysis of the Regulations

Impact Analysis of Regulation amending the Regulation on the Principles regarding Repo and Reverse Repo Transactions to be made by Banks (Official Gazette, dated 10.02.2021, numbered 31391): It is aimed to expand the scope of financial instruments that may be the subject of repo and reverse repo transactions to be made with residents in the country, to increase the depth in the capital markets and to provide regulatory unity for banks and intermediary institutions in repo and reverse repo transactions.

Impact Analysis of Regulation amending the Regulation on the Procedures and Principles for Purchase and Sale of Precious Metals by Banks (Official Gazette, dated 10.02.2021, numbered 31391): It is aimed to establish a framework for gold collection operations and protect customer rights by determining a lower limit for the conversion rates used by banks in physical gold collection transactions.

Impact Analysis of Regulation on Recovery Plans to be prepared by Systemically Important Banks (Official Gazette, dated 16.03.2021, numbered 31425): With the regulation, a more effective surveillance and audit process will be established, as possible problems that may occur in the future can be foreseen without any problems in the financial structures of systemically important banks, and possible measures regarding these situations can be determined in advance. Thus, the possibility of these banks to come to the point of being unable to continue their activities, or if such a situation occurs, the negative effects that may arise on the functioning and stability of the financial system will be reduced.

Impact Analysis of Regulation amending the Regulation on the Measurement and Evaluation of Interest Rate Risk due from Banking Accounts with the Standard Shock Method (Official Gazette, dated 27.03.2021, numbered 31436): As participation banks operate on the basis of risk sharing, they

are less affected by market interest changes, the Board has been authorized to determine the rates of consideration for the positions originating from participation accounts in the calculation of the interest rate risk standard ratio arising from banking accounts.

Impact Analysis of Regulation on Remote Identification Methods to be Used by Banks and Establishment of Contract Relationship in the Electronic Environment (Official Gazette, dated 01.04.2021, numbered 31441): The relevant regulation paves the way for remote identification of banks and the establishment of contractual relations in the electronic environment, enabling customers to perform their transactions easily and increasing financial inclusion. General principles to be followed in the regulation before the process is started, the customer representative who will make the remote identification, and the working environment, the general principles to be followed with the initiation of the process, the identity document that can be used and its verification, the verification of the person to be identified, the termination of the process in the video call, the recording and storage of data, the criteria for liability in remote identification and the establishment of a contractual relationship following identification have been determined.

Impact Analysis of the Regulation on Incorporation and Operating Principles of Savings Financing Companies (Official Gazette, dated 07.04.2021, numbered 31447): It is aimed with the relevant regulation to determine the criteria for the incorporation of savings financing companies, opening branches, amendments in the articles of association and capital increase, share acquisition and transfer, merger, division and transfer, voluntary liquidation, notifications regarding the members of the board of directors and the general manager and assistants, internal systems and information systems, independent audit, annual report, general operating principles document, savings financing contract, customer rights, professional and ethical principles, amounts to be followed in equity accounts, standard rate, contractual limitations, financing limitations, limitations regarding the evaluation of the savings fund pool, limitations on the acquisition of real estate, donation limits, elimination of excesses, measurement and management of savings

financing activity risks, liquidity management, determination of product tariffs and pricing, contingency fund, the documents to be procured from abroad and restrictions on outsourcing procurement are determined to prevent possible setbacks, ensuring financial stability, and to protect the rights of financial consumers.

Impact Analysis of the Regulation on Sharing of Secret Information (Official Gazette, dated 04.06.2021, numbered 31501): It is aimed to clarify the framework for the protection, sharing and transfer of banking secrets and customer secrets, and to prevent possible problems by determining the criteria regarding the confidentiality obligation of banks, the cases exempted from the confidentiality obligation, the general principles regarding the sharing of confidential information, and the information sharing committee.

Impact Analysis of the Regulation on the Amendment to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks (Official Gazette, dated 08.06.2021, numbered 31505): With the relevant regulation, the definition of "mortgage-backed securities" is changed to "guaranteed securities"; the definitions of the assets to be included in this class have been made. In this direction, additions have been made to the criteria for the classification of risks with the standard approach. In the definition of guaranteed securities, sub-regulations of the Capital Markets Law or equivalent foreign country regulations are taken as basis.

Impact Analysis of the Regulation amending the Regulation on the Procedures and Principles for the Classification of Loans and the Provisions to be set aside (Official Gazette, dated 06.07.2021, numbered 31533): As per with the Regulation, banks are obliged to document their criteria for the reclassification of non-performing loans and before restructuring a debtor's liability, viability assessment should be made. In addition, it has been regulated that the loans in loss category should be written off in the period determined by banks and the period should be justified. Also, the accounting and disposing of commodities, real estates, partnership shares and other assets acquired by banks due to receivables and the criteria for their valuation is determined.

Impact Analysis of the Regulation Amending the Regulation on Loan Operations of Banks (Official Gazette, dated 08.07.2021, numbered 31535):

The Regulation makes amendments regarding real and legal persons to be included in the same risk group, additional documents required by banks, transactions that are not subject to credit restrictions, and methods of funding by participation banks. In addition to the aforementioned changes, criteria for the resolution of Non-Performing Loans (NPL), NPL strategy and operational plan, and the resolution units have been identified.

Impact Analysis of the Regulation on the Principles of Establishment and Operations of Asset Management Companies and Transactions related to the Acquisition of Receivables (Official Gazette, dated 14.07.2021, numbered 31541):

The Regulation determines the criteria on incorporation requirements for asset management companies, the conditions sought for the founders, establishment and operating licenses, amendment of the articles of association and share transfer, merger, division, transfer and liquidation, opening branches, corporate management, establishment of internal systems, establishment of information systems, accounting and financial reporting system, field of activity, independent audit, supervision, surveillance and informing, cancellation of operating license and other sanctions, processes regarding the transfer of receivables, collection and follow-up process, outsourcing firms, provisions regarding financial consumers, standard rate and adjustment period.

Impact Analysis of the Regulation on Operating Principles of Digital Banks and Service Model Banking (Official Gazette, dated 29.12.2021, numbered 31704): The regulation defines the criteria regarding the operating principles of digital banks, additional conditions sought in the establishment and operating permit of digital banks, and service model banking.

With the Regulation on Remote Identification Methods to be Used by Banks and the Establishment of a Contractual Relationship in the Electronic Environment, an important step has been taken towards establishing the infrastructure of the branchless banking model. In addition, the Regulation on the Operating Principles of Digital Banks and Service Model Banking, prepared in line with the "Enabling Digital (Branch-free) Banking

Licensing (applications)", as a part of Economic Reforms Action Plan, aims to encourage financial innovation and competition in the banking sector, increasing financial inclusion and facilitating access to banking services. The procedures and principles regarding the activities of branchless banks, which only serve through electronic banking services distribution channels, and the provision of banking services as a service model to financial technology companies and other businesses have been determined.

Impact Analysis of the Regulation on Information Systems and Business Processes (Official Gazette, dated 31.12.2021, numbered 31706):

The Regulation defines the criteria for general concepts related to information systems and business processes independent audit, authorization, and auditors, obligations of parties, principles regarding information systems and business processes independent audit, information systems and methodology of business processes independent audit, general principles and responsibilities, information systems and business processes, cooperation in the independent audit of processes, information systems and business processes independent audit report and notification, and information systems independent audit registry issues.



3.6.3. Impact Analysis of the Regulations Completed and Entered in Force in 2022

Impact Analysis of the Regulation on Remote Identification Methods to be Used by Financial Leasing, Factoring, Financing and Savings Financing Companies and Establishment of Contractual Relationship in the Electronic Environment (Official Gazette, dated 11.01.2022, numbered 31716):

The Regulation identifies the procedures and principles regarding the remote identification methods that can be used by the financial leasing, factoring, financing and savings financing companies in acquiring new customers and the services to be provided after the identification of the customer. The relevant regulation enables the companies to establish contractual relations in the electronic environment, enabling customers to perform their transactions easily and increasing financial inclusion. The Regulation defines the criteria regarding the conditions for the remote identification process and the establishment of a contractual relationship in the electronic environment.

Impact Analysis of the Regulation on Amendment of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (Official Gazette, dated 04.02.2022, numbered 31740): With the aim of reducing the model risk in the capital adequacy standard ratios calculated by banks using the internal rating-based approaches, a capital base application has been introduced, in this way, it is aimed to prevent the significant divergence between the internal rating-based approach and the credit risk base amount calculated in line with the standard approach.

Impact Analysis of the Communiqué on the Amendment to the Communiqué on Disclosures about Risk Management to be Announced to Public By Banks (Official Gazette, dated 04.02.2022, numbered 31740): Upon amendment of the Regulation on Measurement and Evaluation of Banks' Capital Adequacy, the information to be disclosed to the public has been updated, taking into account international standards, within the framework of updating the approaches regarding the calculation of the counterparty credit risk and the calculation of the capital requirement for the risks to the central counterparties.

Impact Analysis of the Communiqué on the Amendment of the Communiqué on Credit Risk Mitigation Techniques (Official Gazette, dated 04.02.2022, numbered 31740): Upon amendment of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy, amendments were made in the relevant parts of the Communiqué within the framework of updating the approaches regarding the calculation of counterparty credit risk and the calculation of capital liability for risks to central counterparties, taking into account international standards.

Impact Analysis of the Regulation on Amendment of the Regulation on Calculation of Banks' Liquidity Coverage Ratio (Official Gazette, dated 04.02.2022, numbered 31740): The Regulation brings amendments regarding high quality liquid assets, 2A quality liquid assets, structured financial instruments and liabilities.

4. AUDIT ACTIVITIES

4.1. Financial Structure Audit

On-Site Audit Activities

Audit activities include all on-site audits performed by the professional personnel on the relevant institutions using the authority granted to the Agency as per the Banking Law, No. 5411 and other applicable legislation. These activities include review and analysis of various indicators on consolidated or nonconsolidated financial performances of banks and other institutions within the scope of the audit and regulations and generating periodic reports.

These activities include analysis of financial and non-financial risks encountered by institutions, analysis of financial strength, supervision of the level of compliance with the Law and the applicable legislation, detection of problems and vulnerabilities through reports and analysis of the supervision unit regarding these organizations, and notification of concerning units and decision makers in case of negative issues without waiting for the issuance of standard reports in case of adverse developments and vulnerabilities. The audit function is performed using various resources including the Agency's database.

Methods and principles on supervision are set forth by the Regulation on Principles and Procedures Regarding the Audit Performed by Banking Regulation and Supervision Agency issued on the Official Gazette numbered 26236, dated 22/07/2006. Under the mentioned Regulation, activities regarding the audit process are continued based on the audit guidelines and good practice guidelines.

The supervision tasks assigned to the Agency with the applicable legislation are performed by the Board, Chairmanship, Vice Chairmanship, Departments and group managers operating under them as well as professionals assigned to audit teams.

The Agency performs audit activities with a risk-based and dynamic approach to ensure the effectiveness, continuity and adequacy of audits, and efficient use of audit resources. Audit groups follow up the

recent developments in the financial markets from current resources and perform audits in line with the audit guidelines, good practice guidelines and risk-focused audit approach drafted on the basis of international practices. The risk-focused audit approach ensures determining the scope, scale, duration, content and intensity of the audit to be performed based on the features complementing and exceeding the information obtained from financial statements for being dynamic, forward-looking, effective and prudent and determining the risk levels of organizations. The purpose of Risk-Focused Audit is to establish a holistic view of the financial strength of organizations, size of risks they encounter and quality of their risk management; and to ensure early detection of trends that may threaten the financial strength of organizations. It is thus possible to set forth a significant information source for determining the adequate amount of capital to be retained for each risk by making a classification based on the risks exposed to by organizations.

The scope of on-site audit in accordance with the Banking Law and other relevant regulations is determined as follows:

- Risk evaluation of banks and determination of risk profiles,
- Analysis of the relationship and balance between the assets, receivables, own funds, debts, liabilities, commitments, revenues and expenses of banks and all other factors affecting their financial structures,
- Adequacy and efficiency review of bank's internal control, risk management and internal audit systems,
- Supervision of bank's financial tables and books in terms of compliance with accounting principles and standards,
- Supervision of bank's activities in terms of compliance with the provisions of the Banking Law and other regulations applicable to institutions within the scope of the Law,
- Review of the issues related to the characteristic activities of banks,
- Consolidated supervision of financial holding companies and/or main partner with associates and other partnerships,

- Supervising the activities of factoring leasing, financing and savings financing companies,
- Supervising the activities of asset management companies,
- Supervising the activities of independent audit companies,
- Supervising the companies subject to Debit Cards and Credit Cards Law,
- Supervision conducted during the authorization process of rating companies,
- Review of notifications and complaints other than those received by the Agency on individual products and services and which require on-site audit,
- Reviews made upon requests of public prosecutors, FCIB(MASAK) and other relevant institutions and organizations.

Good practice guidelines are issued to guide banks on various issues, particularly risk management frameworks, and to inform banks about the assessment criteria to be considered in audits conducted by the Agency. The principles listed in the good practices' guidelines are systematically used as criteria in assessment of the efficiency and effectiveness of systemically important banks' implementations the Agency's assessments on findings during or after the audit are based on these principles. For other banks, the issues in good practice guidelines are considered according to the principle of proportionality.

4.1.1. Supervision Cycle

On-site audit process carried out by the Agency is established so as to provide a risk-oriented, dynamic, efficient and future-oriented audit approach by taking into account the international best practices including the Core Principles for Effective Banking Supervision of the Basel Committee.

Audit process is reviewed and revised regularly in order to ensure it suits the characteristics of Turkish banking industry, and compliant with the latest developments and best practices in banking audits. The most recent study was completed by the end of 2016, and audit guidelines that were updated based on audit approach recommendations set forth in 2016 Financial Sector Assessment Program (FSAP) Report conducted by the IMF and the World

Bank were put into force in 2017 upon approval of the Agency Presidency.

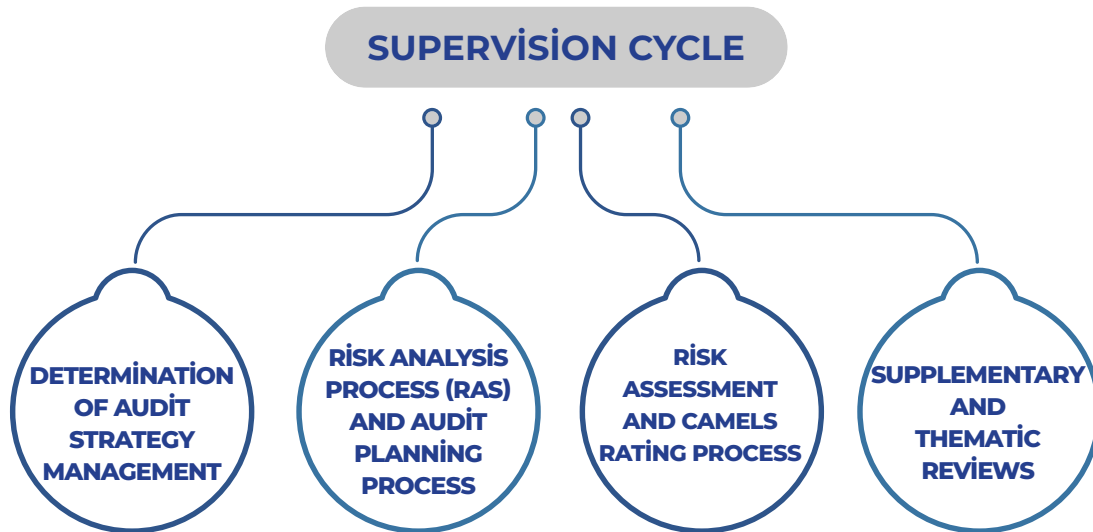
The audit cycle shaped in the context of risk-focused audit approach consists of successive processes and the diagram of the said process has been shown below and the description of each process has been specified in the upcoming section.

Determination of Supervision Strategy: At the first stage of on-site supervision within the scope of risk-focused audit approach, supervision frequency and scope are defined for the bank using the matrices based on the criteria specified in Audit Process Guide (bank's previous rating, various exposed risks, balance sheet size etc.) by the Department Heads chaired by the Vice Chairman Responsible for Audits. In this context, the banks which will be audited, auditing scope, audit groups, head of group and on-site audit teams are determined and submitted to the approval of the Chairmanship.

Risk Analysis Process (RAS) and Audit Planning Process: The audit cycle of the Agency is designed to detect and prioritize areas of risk for the banks and transfer the available resources to these areas and ensure detailed reviews in the relevant areas of activity and ensure solid evaluation and rating options regarding the financial structure of banks. During the risk analysis phase of the audit cycle, the audit team makes a preliminary assessment of the bank's risk management adequacy. This assessment includes the assessment of the bank's basic risks, internal systems, credit management and compliance functions.

In this evaluation, the most recent risk assessment of the bank; Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity Analysis (CAMELS) rating; ICAAP (Internal Capital Adequacy Assessment Process) report; independent audit reports; internal systems reporting to the Agency and various data sources, especially the database of the Agency are used.

At the risk analysis phase, magnitude of the risks arising from the bank's activities and assessments regarding the quality of risk management activities associated with these risks are determined on the basis of each risk and the results are summarized in the risk profile and risk matrix. The risk profile also includes opinions on the estimated direction of the

Figure 2: Supervision Cycle

risk (increasing, decreasing or stable) within the scope of future oriented audit approach.

After the risk matrix is generated, the audit teams draft a risk analysis opinion to use in audit planning. The purpose of the opinion is to update the risk profile of the bank, determine the areas to be supervised with a risk-focused approach and provide a basis for the audit plan for the bank.

Benefits expected from the RAS system are as follows:

- Maximum efficiency and consistency of the audit process,
- Systematic and fast follow up of developments in the risk profiles and financial structures of banks,
- Planning and implementation of audit processes based on the risk profile of each bank,
- Effective allocation of audit resources to high-risk activities.

Audit plans are prepared by the Head of Group with the assistance of Audit Group members and submitted to the approval of the Chairman upon confirmation Head of the Department and Vice Chairman as specified in the Audit Regulation and Audit Guideline.

Audit plans basically specify the bank's risky areas specified during the risk analysis, audit periods and professional staff assigned for on-site audit in these areas. The basic principle is to implement the Audit Plan during the audit cycle without any change; however, changes can be made in the these plans by approval of the Chairman where necessary.

Risk Evaluation and CAMELS Rating Process:

With this process, a consolidated approach is used to analyze the financial soundness and determine the ratings of banks, the efficiency of risk profiles, risk management and internal control and audit systems (systems and processes for prevention of moneylaundering and finance of terrorism included) and ICAAP reports. The rating system consists of six main CAMELS components: organization and management, adequacy of shareholders equity, liability structure and liquidity, quality of assets, balance of income and expenditures, and profitability and sensitivity to market risks. Ratings of all components are evaluated together and the final combined rating of the bank is calculated. The final rating system implemented was based on the integration of risk assessments into the internationally accepted CAMELS approach and taking into account the audit needs of the Turkish banking sector. In addition, the compliance of the financial statements and records of the banks to the Uniform Chart of Accounts, Turkish Financial Reporting Standards and Turkish Accounting Standards is also evaluated.

In accordance with the Basel regulations, the inspection of ICAAP, which includes self-assessments of internal capital adequacy levels of banks, and the Supervisory Review and Evaluation Process (SREP) are carried out within the CAMELS rating process. In short, with the CAMELS report a rating is assigned to the concerned organization in the context of various qualitative and quantitative measures and with this rating, organizations become comparable with each other and with the ideal situation in terms of financial strength.

Finally, the Financial Structure and Rating Report issued for the bank is submitted to the Departments.

Supplementary and Thematic Reviews: After the completion of CAMELS Rating and Risk Assessment processes, the policies and processes on legislative compliance audit and prevention of money laundering and finance of terrorism that are not submitted until the end of the audit term were reviewed in terms of compliance with international standards through MASAK (FCIB) regulations and audit findings and notification/complaint reviews were completed.

Table 5: Institutions Under Supervision

Organization Type	2016	2017	2018	2019	2020	2021*
Banks	52	52	53	53	54	56
Deposit Banks	32	32	32	32	32	32
Participation Banks	5	5	6	6	6	6
Development and Investment Banks	13	13	13	13	14	16
Banks under SDIF	2	2	2	2	2	2
Non-Bank Financial Institutions	101	99	95	94	93	92
Financial Leasing Companies	26	25	23	23	22	22
Factoring Companies	61	60	58	56	56	52
Financing Companies	14	14	14	15	15	18
Other Organizations	350	362	377	241	233	244
Asset Management Companies	15	15	19	20	18	22
Independent Auditing Companies **	119	125	125	38	28	28
Rating Companies	1	1	1	1	1	1
Valuation Companies	129	130	133	134	139	146
Representative Offices of Foreign Banks	47	46	44	41	40	40
Financial Holding Companies	2	0	0	0	0	0
Payment Institutions ***	25	29	34	0	0	0
Electronic Money Institutions ***	7	11	14	0	0	0
Unions and Other Organizations ****	3	3	3	3	3	3
Bank Cards and Credit Cards No. 5464 Activity Permit Under the Law Granted Organizations *****	2	2	4	4	4	4
Total	503	513	525	388	380	392

* List of organizations is updated and sorted according to their types by 15.03.2022

** As the responsibilities regarding Payment Institutions and Electronic Money Institutions were transferred to the CBRT, only institutions that provide independent auditing service to banks are included.

*** Responsibilities regarding Payment Institutions and Electronic Money Institutions were transferred to the Central Bank of the Republic of Türkiye in the context of the provisions of the Law No. 7192 that entered into force upon publication on the Official Gazette No. 30956 dated 22/11/2019.

**** The "Total" line has been updated to include the previous years, due to the addition of "Associations and Other Organizations" and "Organizations Allowed to Operate under the Debit Cards and Credit Cards Law No. 5464" to the list.

4.1.2. Audit Results

As a result of the audits carried out by the audit teams under the Vice Chairmanship in charge of Audit in 2021; a total of 237 reports (financial structure and rating reports, inspection of legislation, notifications

and complaints) 21 Risk Analysis Opinions (RAS- Identification of Risky Areas) 11 Reports on FCIB Presidency and 296 opinions were issued. The following table shows a comparison of the number of opinions and reports in 2021 with the previous year.

Table 6: Reports Issued as a result of Audits

Subjects	2020	2021
Risk Analysis Opinion ¹	40	21
Financial Structure and Rating Report	20	44 ²
Inspection of Legislation	82	104
Notifications and Complaints	102	89
Inspection of Domestic Branches	1	6
Inspection of Legislation applicable to Other Finance Institutions	18	44
Inspection on Notifications and Complaints on Other Finance Institutions	18	27
Opinions *	294	296
Reports on MASAK Presidency Assignments**	48	11
Other	5	2
Total	628	644

* The opinions are prepared for regulation drafts and in the cases where there is no need to prepare a report, in cases where additional opinions and answers regarding the issued reports.

** Data on the reports of MASAK Presidency started to be given as of 2020.

4.2. Risk Management

In the FSAP (Financial Sector Assessment Program) 2021 process, which is held every 5 years and evaluates the compliance of the country's financial system with internationally accepted good regulations and practices, internal and external coordination was ensured, and preparatory studies were carried out for the process.

Comprehensive audit activities, which were initiated at the end of 2018, continued to ensure the adequacy and standardization of risk management systems in banks, and to evaluate the efficiency and compliance of the credit risk management, TFRS 9 classification, expected credit loss provision calculations, capital adequacy calculation processes and compliance with the legislation. In this context, the audit of the

provision calculation process was carried out in 6 banks, and within this framework, the audit reports were completed in 2020 and the relevant banks were instructed accordingly.

Yapı ve Kredi Bankası, which applied to use the internal rating-based approach (IRB) in legal credit risk calculations, was ensured to resolve the important findings in the review report and after the studies carried out within the framework of the transition plan agreed with the Bank, the Bank officially adopted IRB as of June 2021.

Internal Capital Adequacy Assessment Process (ICAAP) included in second pillar of Basel Accord, is a detailed evaluation process regarding the bank's risks arising from its internal activities. With this process, each bank detects the capital it needs or will need in the future

¹The number of Risk Analysis Opinions in the relevant year includes the results of the risk analysis made for 2 separate audit periods, 2020 and 2021.

²It includes 25 reports on banks and 19 reports on non-bank financial institutions.

due to its risks and submits the ISEDES reports to the Agency as of the end of the year. In this context, stress test scenarios were created within the scope of ISEDES. Within the scope of the Economic Reform Package announced on 12.03.2021, the Guideline on Credit Allocation and Monitoring Processes was published on 29.06.2021 to increase the efficiency of the credit allocation and monitoring processes of the banking sector. In addition, the aforementioned guideline was amended as a result of the evaluation of the demands from the banking sector and other additional needs. Also, a survey was conducted on the level of compliance of banks with the aforementioned guideline.

In order to monitor the loan allocation activities of banks more closely, allocation forms were created for commercial and individual loans; questions, opinions and other requests of banks regarding these forms were evaluated, and banks were provided to fill these forms and report them to the Agency via Banking Data Transfer System.

The analysis of the asset quality of the Turkish Banking Industry was carried out, taking into account the legislation on the resolution of such receivables in our country, by examining the regulatory studies carried out by the European Union institutions and organizations on the subject of non-performing loan, and by comparing the practices of various countries on the subject. In line with the analysis, the working report containing the solution proposals for the effective resolution of non-performing loans and increasing the asset quality in the banking sector was presented to the senior management.

Within the scope of the Economic Reform Package announced on 12.03.2021, the Non-Performing Exposures (NPE) Workout Guidelines was published on 29.06.2021 to increase the asset quality of the banking sector.

With the amendment made in the Regulation on Credit Transactions of Banks, which forms the basis of the NPE Workout Guidelines, banks are obliged to establish resolution units and prepare NPL resolution strategy and operational plans within the framework of the principles set forth in the aforementioned Regulation. With the aforementioned regulatory works, corporate duties and responsibilities in the management of non-performing loans were defined and the necessary infrastructure was established to clarify the policies to be followed by banks.

Similarly, with the amendment made in the Regulation on the Procedures and Principles For Classification of Loans and Provisions to be Set aside, it was stipulated that the criteria for the class change of non-performing loans should be written down and an assessment should be made by the banks regarding the repayment capacity of the borrower before deciding to restructure the liabilities of the borrower. In addition, the practice of write-off was changed from being discretionary to an application where the timing is left to the bank, and the practice of determining the value of assets to be acquired due to receivables when deducting them from receivables was made clear.

The Analysis on the Collection Performances of Defaulted Loans of the Turkish Banking Sector was completed, and the results of the analysis were shared with the relevant units within the Agency to be used in audit and implementation activities.

Internal work on Basel Committee on Banking Supervision (BCBS) and Financial Stability Board (FSB) was coordinated. In this context, the details of the precautionary decisions taken in our country during the Covid-19 pandemic period were shared periodically, and the top management was informed about the measures taken at the global level.

Participation in the activities of committees and working groups, which are participants of BCBS at various levels, in virtual environments such as teleconferences and e-mails, contributed to the finalization process of international financial reforms. Opinions and evaluation requests from relevant institutions on G20 activities were responded.

The activities related to the Central and Eastern European Banking Supervision Group (BSCEE) were coordinated.

Participation in the works of the Task Force on Climate Related Financial Risks (TCFR), which was established under the Basel Committee to work on climate-related financial risks, within the scope of the structural blocks of the Basel regulatory framework was ensured.

BRSA participated in the international quantitative impact study, which is carried out every 6 months by BCBS to see the effects of the Basel-III Final Reforms, with data of 3 banks.

According to the most up-to-date information in the Risk Center of the Banks Association of Türkiye, companies excluding banks and financial institutions with a risk amount of TL 500 million or more must

obtain a rating from a rating agency authorized by the Agency. With the said decision, the requests of 4 rating institutions that applied for authorization were reviewed and their reports were sent.

Within the scope of the obligation of companies to obtain a rating from an authorized credit rating agency, additional time was given to companies for obtaining a rating score and for companies to adapt to this process.

Within the scope of the Economic Reform Package, two main project proposals, namely the "Central Financial Data Repository Project" and the "Centralized Guaranteed Digital Fund Transfer Project", were created to improve the processes in the credit life cycle of banks and to ensure the proper use of loans.

Liquidity stress tests were conducted to measure the liquidity levels and liquidity risks of savings financing companies, and warnings were made to the companies with negative liquidity status as a result of the stress tests.

A set of recommendations has been prepared to ensure that savings financing companies maintain their financial stability and reduce their systemic risk. In addition, contributions were made to the changes in the legislation to which savings financing companies would be subject.

By taking part in the exam commissions established for the recruitment of professional personnel for the Agency and proficiency exams of the existing profession personnel; exam questions were prepared, exams were held and evaluation process was carried out.

Served as an instructor in in-house and external trainings of the Agency.

4.3. Information Systems Audit

The information systems audit of the institutions that fall under the authority of the Agency is carried out by the personnel of the Agency and independent audit firms. Within the framework of the Information Systems Audit Guide prepared by the Agency's personnel for information systems audit activities, operating permits of 2 banks were audited. Independent audit firms who also audit banks started the information systems audit of financial leasing, factoring and financing companies in 2020, and independent audit reports issued in accordance with the Communiqué on "Management and Audit of Information Systems of Financial Leasing, Factoring and Financing Companies", which was published in the Official Gazette dated 06.04.2019 and numbered 30737 were reviewed and implementation activities were carried out in 2021.

Within the scope of information systems evaluation and implementation activities, administrative fines were imposed on 4 deposit and participation banks, 2 development and investment banks, 16 leasing companies, 45 factoring companies and 12 financing companies. There are 377 discrete articles in total that impose administrative fines.

Independent Audit Tracking System (BADES) of BRSA is efficiently used with all its functions, and findings of independent audits and penetration test results are tracked from BADES.

Table 7: Reports issued upon Audit of Information Systems

Scope of Audit	2020	2021
1. Performed by Independent Audit Institutions		
Information Systems	91	1
Information Systems + Banking /Business Processes	6	53
Banking/Business Processes	50	5
Information Systems + Banking Processes (Consolidated Audit)	28	27
2. Performed by Agency Staff		
Scheduled Audit	-	-
Special Scope	1	3
Operation License	2	2
TOTAL	178	91

5. OVERSIGHT ACTIVITIES

Oversight activities include monitoring and analysing of banks and banking industry, especially from the point of view of financial condition and risk exposures, monitoring the compliance with the legislation especially legal limits taking into account the related macroeconomic developments and policies.

Oversight activities are based upon our Agency's database comprised of data collected in different frequencies from institutions within the supervision of our Agency, as well as the data received from other public administrations, and audit reports, and other internal and external information sources. In addition, current and potential risks and possible effects of the regulations to be implemented are assessed. In this sense, periodic reports issued on bank and sectoral basis, studies and information notes are shared with the relevant units and top management.

All oversight activities were gathered under the roof of Audit IV Department by the Chairmanship Approval no 12551 dated 13/03/2013 to strengthen the oversight function, increase its effectiveness and ensure sustainability, coordination and standardization. By this organizational change, BRSA's audit structure was further strengthened and sustainability, coordination and standardization of oversight activities were ensured.

With regard to bank oversight activities, bank based reports, information notes and opinions are prepared by the professional staff responsible for the supervision of each bank, both regular intervals and on ad hoc basis depending on developments. In addition, banks are closely followed up over daily, weekly, monthly and quarterly data with a risk-focused approach, and their compliance with legal limits set forth in the legislation is monitored. Also, through bank rating/ranking studies and industrial reports containing bank basis details, financial performances of banks are evaluated comparatively, and their positioning in the system is monitored.

In 2021, a total of 33 bank reports, 502 legal limits reports and 507 monthly ratio reports were prepared as part of bank oversight activities.

Table 8: Bank Oversight Reports

Bank Oversight Reports (Number)	
Bank Oversight Report	33
Legal Limits Report	502
Monthly Ratio Report	507
Total	1,042

As a part of sectoral based oversight activities, oversight reports, information notes and various presentations including information on bank and bank groups are prepared in daily, weekly, monthly, quarterly, semi-annual and annual periods under various headings such as market developments, basic indicators, loans, country risks and derivatives. Another important part of oversight activities is stress testing and liquidity stress testing. The level of risk and resilience of banks and the banking system are analyzed through these studies. These studies, which are very important tools in testing the resilience of the Turkish Banking Sector against macroeconomic risks that are unlikely to occur but have high impact, also serve as an early warning tool, and the results are one of the most important inputs of audit and oversight activities.

In addition, various impact and scenario analyzes are carried out before both macro and micro precautionary measures and actions are put into practice, so that the possible effects of these measures and actions on banks and the industry could be numerically revealed. In this context, the impact analysis of the extended exceptional regulations and various decisions taken by the Agency due to the pandemic continues to be conducted, and effects on the legal limits of the banks are also monitored.

On the other hand, oversight activities are not limited to the banking industry, but are also carried out to cover non-bank financial institutions that operate under the supervision of the Agency.

Within the scope of the above-mentioned issues, a total of 2,106 reports, information notes and presentations were prepared on a sectoral basis in 2021.

Table 9: Sectoral Reports

Sectoral Reports (*)	
Weekly Presentation	52
Weekly Agency Meeting Presentation	52
Turkish Banking System Key Indicators Presentation (Monthly)	12
Turkish Banking System Key Data Report	12
Credits Quarterly Development Report	4
Turkish Banking Sector Loans Report	1
Stress Test Report	2
Liquidity Stress Test Report	1
Deposit Report	1
Derivative Report	1
Impact Analyses of CAR Regulations	12
Impact Analyses of CAR Exchange Rate	6
Other Impact Analyses of CAR	8
Borrowings with Triggering Conditions Note	1
CBRT Reserve Adequacy Indicators Report	1
Aging Analysis	1
Potential Non-Performing Loans Report	1
Non-Bank Financial Institutions Report	1
Turkish Banking Industry Credit Quality Report	1
Profitability Report	2
Foreign Debts Report	1
Turkish Banking Sector Report	1
Weekly Deposit and Participation Funds Development Tracking Report	52
Daily Commercial Loan-Deposit Interest Follow up Report (Based on Stock Data)	250
Daily Commercial Loan-Deposit Interest Follow up Report (Based on Current Data)	250
Daily Credit Tracking Report	250
Daily Foreign Currency Deposit and Participation Fund Tracking Report	250
Daily Receivables from Overseas Banks and Payables to Overseas Banks Follow-up Report	250
Daily Foreign Currency Net General Position Tracking Report	250
Daily Credit Allocation Report	250
Currency Protected Deposit Report	7
Other Reports, Presentations and Studies	123
-Presentations to Domestic and Foreign Institutions	30
-Data/Information Requests from Domestic and Foreign Institutions	76
-Identification of Systemically Important Banks	1
-Foreign Currency Deposit Account Information Note	1
-Bank Bills and Sukuk Issuance Information Note	1
-Foreign Currency-Indexed Loans Information Note	1
-Impact Analyses of Pandemic Period Decisions	12
-Impact Analysis of the Inclusion of Buffer Ratios on Capital Requirement	1
Total	2,106

(*)The table provides a general idea about the reports. Depending on the circumstances in the period, some reports may be combined or prepared due to specific periods and needs.

Bank-based oversight reports and sectoral oversight reports complement each other; and potentials and risks of the banking system are assessed together at micro and macro levels; and emerging risks are determined by a proactive approach.

Furthermore, in the course of the monitoring of economic developments, both national and international economic and financial indicators, macroeconomic data regarding the Turkish economy, reports published by local and foreign research institutes about Türkiye, decisions and statements of authorities are followed up. Being a supportive and complementary item of these oversight activities, both the information and the findings derived out of related analyses are presented to the top management.

Besides these oversight activities, the Agency's Chairman and Board members are permanently kept informed by presentations and information notes about the developments in the banking sector, requests of top management are fulfilled, various working groups are actively participated, information requests of other public entities and administrations are met.

In addition, in the Agency's meetings with the rating institutions, foreign investors, international

organizations such as the World Bank and IMF, presentations are made about the finance system and banking industry of our country and the Agency is represented by exchanging information. As part of these duties and responsibilities, training, meeting and technical assistance/cooperation activities are carried out with both domestic and foreign organizations in order to increase and strengthen the existing capacity.

However, as it is known, in September 2021, an assessment process has started for our country within the scope of the Financial Sector Assessment Program (FSAP) carried out by the International Monetary Fund (IMF) and the World Bank (WB). As Audit IV Department, information requests are met within the scope of our duty, and the participation in the meetings is ensured.

Activities for Economic Evaluation

Taking into account national and international economic and financial developments, movements in money and capital markets (currency purchase/sale, derivative transactions, financial asset purchase/sale transactions such as bonds, bills, partnership shares, etc.) are followed daily. The impact and possible effects of these transactions on banks' financial statements are reported to the top management of the Agency.

6. ENFORCEMENT ACTIVITIES

6.1. Licensing and Authorization Activities

Within the scope of foundation and operation licensing and authorization procedures, applications filed to the Agency for licensing purposes under the Banking Law and other applicable laws and regulations by banks and non-bank financial institutions, as well as independent audit, appraisal (assessment) and rating firms and institutions within the area of responsibility of our Agency are examined, assessed and responded.

In this framework;

- Foundation, operation, share transfer, merger, transfer, branch and representative's office opening licenses and permits are granted to banks, and the referred licenses and permits other than representative's office opening permits are issued for nonbank financial institutions which are leasing, factoring and financing companies,
- The procedures for capital increase requests of banks and leasing, factoring and financing companies are completed,
- Amendments 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 foundation and operation license 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 Debit Cards and Credit Cards Law.

6.1.1. Foundation & Operation Licenses and Authorization Procedures

In 2021, 3 investment banks, 5 financing companies, and 3 asset management companies were granted with foundation licenses, 2 banks, 1 factoring company, 2 financing companies, 3 asset management companies were granted with operation licenses. 6 valuation companies were authorized to offer appraisal services. In addition, in accordance with the decision of the Banking Regulation and Supervision Agency's, dated 01.07.2021 and numbered 9647, 21 savings financing companies were liquidated the adjustment process of 6 savings financing companies continues.

Table 10: Foundation and Operation Licenses and Authorization Processes*

Name of Company	Date and Number of the Board Resolution	Type of Procedure
Bien Faktoring A.Ş.	07.01.2021/9367	Operation
Destek Yatırım Bankası A.Ş.	04.02.2021/9412*	Foundation
Diriker Varlık Yönetim A.Ş.	05.03.2021/9446	Foundation
Vodafone Finansman A.Ş.	05.03.2021/9448	Foundation
Ortak Varlık Yönetim A.Ş.	05.03.2021/9447	Operation
Abak Gayrimenkul Değerleme ve Müşavirlik A.Ş.	01.04.2021/9483	Valuation
İlke Varlık Yönetim A.Ş.	29.04.2021/9538	Foundation
D Yatırım Bankası A.Ş.	21.05.2021/9568	Operation
Metas Gayrimenkul Değerleme ve Danışmanlık A.Ş.	17.06.2021/9623	Valuation
TOM Finansman A.Ş.	29.06.2021/9639	Foundation
Tuna Varlık Yönetim A.Ş.	08.07.2021/9658	Foundation
Atlantis Taşınmaz Değerleme ve Danışmanlık A.Ş.	05.08.2021/9730	Valuation
Diriker Varlık Yönetim A.Ş.	09.09.2021/9776	Operation
Inveo Yatırım Bankası A.Ş.	23.09.2021/9814	Foundation
Mercedes Benz Kamyon Finansman A.Ş.	23.09.2021/9819	Foundation
TOM Finansman A.Ş.	30.09.2021/9840	Operation
Vodafone Finansman A.Ş.	21.10.2021/9882	Operation
İlke Varlık Yönetim A.Ş.	21.10.2021/9883	Operation
Alfa Anadolu Taşınmaz Değerleme ve Danışmanlık A.Ş.	21.10.2021/9880	Valuation
Kale Taşınmaz Değerleme ve Danışmanlık A.Ş.	21.10.2021/9881	Valuation
Tera Yatırım Bankası A.Ş.	27.10.2021/9890	Foundation
Türk Ticaret Bankası A.Ş.	04.11.2021/9895	Operation
Acar Taşınmaz Değerleme ve Danışmanlık A.Ş.	18.11.2021/9924	Valuation
Ofisfinans Finansman A.Ş.	03.12.2021/9944	Foundation
Quick Finansman A.Ş.	10.12.2021/9980	Foundation

(*) Destek Yatırım Bankası A.Ş. has been granted operation license with the Board Decision dated 06.01.2022 and numbered 10024.

On the other hand, the operation licenses of 2 factoring companies, and 1 valuation company to offer valuation service to banks was revoked by Capital Markets Board.

Table 11: Institutions the Operation Licenses and Authorizations of Which are Revoked

Company Name	Date /Number of Board Resolution	Grounds for Cancellation
Global Faktoring Hizmetleri A.Ş.	22.06.2021/9630	Upon request
Pamuk Faktoring A.Ş.	12.08.2021/9734	Upon request
DGD Gayrimenkul Değerleme ve Danışmanlık A.Ş.	16.09.2021/9792	Based on CMB Decision

As of the end of 2021, 26 license and authorization requests submitted to and presently evaluated by the Agency.

These applications include

- 6 applications for foundation including 3 banks, 1 financing company, 2 asset management companies,
- 3 applications for operation including 1 bank, 1 financing companies, 1 asset management,
- 2 applications for share transfer including 1 financing company, 1 factoring company,
- 1 application for authorization of a valuation company,
- 6 applications for savings financing companies adaptation process,
- 3 applications for member workplaces as per Bank Cards and Credit Cards Law, No.5464,
- 5 applications for companies to engage in credit and corporate governance rating activities as per the Regulation on the Principles Regarding the Authorization and Activities of Rating Agencies.

Table 12: License and Authorization Requests Under Evaluation

Type of Company	Type of Procedure	Number
Bank	Foundation	3
Bank	Operation	1
Financing Company	Foundation	1
Financing Company	Operation	1
Financing Company	Share Transfer	1
Factoring Company	Share Transfer	1
Savings Financing Company	Adaptation	6
Asset Management Company	Foundation	2
Asset Management Company	Operation	1
Valuation Institution	Authorization	1
Rating	Operation	5
Payment and Electronic Money	Operation License for the Companies Signing Member Workplace Agreements	3

6.1.2. Permissions for Share Transfer, Merger and Split-up

In 2021, various share transfer permits were granted for institutions covered by the Banking Law No. 5411, The Law on Financial Leasing, Factoring, Financing and Savings Financing Companies, No.6361 and Bank Cards and Credit Cards Law, No.5464 through Board decisions detailed below, within the framework the provisions of applicable legislation.

1. With the decision of the Banking Regulation and Supervision Board, dated 18.02.2021, numbered 9423, without prejudice to the provisions of Turkish Commercial Code and other relevant regulations, it was decided to increase the share of Emre TEZMEN, one of the partners of Arena Faktoring A.Ş. (Company), in Company capital from 47,29% to 53% in accordance with Article 11, paragraph (1) of the Financial Leasing, Factoring, Financing and Savings Financing Companies, No.6361.
2. With the decision of the Banking Regulation and Supervision Board, dated 18.02.2021, numbered 9475, without prejudice to the provisions of Turkish Commercial Code and other relevant regulations, it was decided to allow Oyak Portföy Yönetimi Anonim Şirketi Dördüncü Girişim Sermayesi Yatırım Fonu,(Oyak Portfolio Management Joint Stock Company Fourth Venture Capital Investment Fund) the founder and manager of Hemenal Finansman A.Ş., to acquire 99,999% of shares in Hemenal Finansman A.Ş. in accordance with Article 11, paragraph (1) of the Financial Leasing, Factoring, Financing and Savings Financing Companies, No. 6361.
3. With the decision of the Banking Regulation and Supervision Board, dated 22.04.2021, numbered 9530, without prejudice to the provisions of Turkish Commercial Code and other relevant regulations, it was decided to allow Vdf Servis ve Ticaret A.Ş., to acquire 100% of shares in Volkswagen Doğu Finansman A.Ş., in accordance with Article 11, paragraph (1) of the Financial Leasing, Factoring, Financing and Savings Financing Companies, No. 6361.
4. With the decision of the Banking Regulation and Supervision Board, dated 06.05.2021, numbered 9554, as a result of transferring 91,66% of shares by Ahmet CELİK, the controlling shareholder of the Ari Finansal Kiralama A.Ş. (Company) to 7 real and 4 legal entities, the controlling power of the company was changed and within the scope of share transfers resulting in the fact that Mustafa Sahir CELİK acquired more than 10% of company shares; it was further decided.
 - To increase the shares of Halit Serhan ERCİVELEK in Company from 7,23046% to 8,10%, the shares of Selman ÇELİK from 0,00286% to 7,9%, the shares of Merve ONARLI from 0,00286% to 8%, the shares of Fatih KIVANÇ from 1,10382% to 9,50%,
 - To allow Mustafa Sahir ÇELİK' to acquire shares in the company by 12%, Zehra AKYÜZ by 8%, Berrin ERCİVELEK by 9%, Prodek Mekan Tasarım A.Ş., by 9,5%, Mikron-S Mik. Min. End. ve Tic. A.Ş., by 9,5%, GYY Elektrik Üretim A.Ş., by 9,5% and İnterser Dış Tic. Servis ve Tur. İşl. A.Ş., 9% in accordance with Article 11, paragraph (1) of the Financial Leasing, Factoring, Financing and Savings Financing Companies, No. 6361, without prejudice to the provisions of Turkish Commercial Code, NO.6102 and other relevant regulations.
5. With the decision of the Banking Regulation and Supervision Board, dated 21.05.2021, numbered 9572, the application for permission made as a result of the fact that Borsa İstanbul A.Ş., the holder of the 64,18% of the shares in İstanbul Takas ve Saklama Bankası A.Ş., transferred its shares representing 10% of the capital to QH Oil Investments LLC, pursuant to Article 18 of the Law was approved upon review and evaluation carried out within the framework of the sixth paragraph of Article 18 of the Law and the Regulation on Indirect Shareholding and Transactions Subject to Permission of Banks, paragraph (2) of Article 11.
6. With the decision of the Banking Regulation and Supervision Board, dated 21.05.2021, numbered 9569, Şekerbank T.A.Ş. the direct share of the Personnel Supplementary Social Security and Solidarity Fund Foundation in Şekerbank T.A.Ş. was decreased from 33.30% to 30.01% in accordance with Article 18 of the Law.
7. With the decision of the Banking Regulation and Supervision Board, dated 29.06.2021, numbered 9640, without prejudice to the provisions of the Turkish Commercial Code No. 6102 and other relevant legislation; the share of Şeker Yatırım Menkul Değerler A.Ş. in the Company's capital was increased from 3% to 13% by acquiring 10% A group privileged shares in Şeker Finansal Kiralama A.Ş., in accordance with Article 11, paragraph (1) of the Financial Leasing, Factoring, Financing and Savings Financing Companies, No. 6361,
8. With the decision of the Banking Regulation and Supervision Board, dated 09.09.2021, numbered 9774, direct share of UniCredit S.P.A. in Yapı ve Kredi Bankası A.Ş. was decreased from 20% to 0% pursuant to Article 18 of the Law.

9. With the decision of the Banking Regulation and Supervision Board, dated 02.12.2021, numbered 9942, the direct share of Koç Holding A.Ş. in Yapı ve Kredi Bankası A.Ş. (the Bank) was increased from 9.02% to 27.02% and indirect shareholding from 44.49% to 62.49%. and Semahat S. Arsel's indirect share in the Bank from 7.76% to 10.62% in accordance with Article 18 of the Law.

6.1.3. Cross Border Operation, Representation Office and Branch Opening Permissions

In 2021, 1 bank was allowed to open foreign representative, 1 bank to open local representative, 1 bank to establish an office abroad.

1. With the Decision of Banking Regulation and Supervision Board, dated 06.05.2021, numbered 9559, Aktif Yatırım Bankası A.Ş. was granted permission to open a representative office in Ruanda.
2. With the Decision of Banking Regulation and Supervision Board, dated 10.12.2021, numbered 9970, Barclays Bank PLC was granted permission to open a representative office in Türkiye.
3. With the Decision of Banking Regulation and Supervision Board, dated 21.01.2021, numbered 9388, Ziraat Katılım Bankası A.Ş., was granted permission to open a branch in Somali.
4. The Agency was notified in 2021 that the State Bank of India Türkiye Representation Office completed the closing procedures. (In 2021 the State Bank of India Türkiye Representative Office was closed.)

Table 13: Acquisition of Foreign Participations / Opening of Foreign Branches/Rep. Offices

Bank Name	Country-Procedure	Date/Number
Aktif Yatırım Bankası A.Ş.	Ruanda - Representation Office	06.05.2021 - 9559
Barclays Bank PLC	Representation Office	20.12.2021 - 9970
Ziraat Katılım Bankası A.Ş.	Somali - Branch	21.01.2021 - 9388

6.2. Assessment and Enforcement Activities

Within the frame of assessment and enforcement activities and to ensure that institutions carry out their operations in accordance with applicable laws and regulations:

- Reports produced from the results of on-site audit and oversight activities and
- Information and documents from banks, non-bank financial institutions, independent audit institutions, and other persons, entities and institutions are evaluated jointly.

As a result of such evaluations;

- 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.

Based on on-site auditing and supervision results and evaluation of the notices and complaints, in 2021, 20 criminal complaints were filed for unauthorized activity within the framework of the Banking Law, No. 5411, 1 for making false statements, 36 for protection of reputation, 67 for keeping secrets confidential and embezzlement charges, 2 for improper accounting. Also, 59 signature authorizations were abolished temporarily and 6 signature authorization were return.

Also, in 2021, administrative fines were imposed on 47 banks, 14 on factoring companies, 2 on financing companies, 6 on leasing companies, 11 on asset management companies, 8 on valuation companies and 7 on independent audit institutions.

7. PROTECTION OF FINANCIAL CONSUMERS

For the purpose of protection of rights of and increase of awareness of financial consumers, accepted as a significant part of financial stability, in 2021, various different works have been carried out, and complaints and applications have been carefully pursued, by the Financial Consumer Relations Department.

In parallel with the development and expansion of Retail Banking products and services, and the ease of access with digitalization, the focus of the banking sector is shifting towards retail mass banking day by day. In this direction, through the Retail Banking Analysis and Rating Model (BAM), which was prepared by the Financial Consumer Relations Department and adopted with the Board Decision dated 17.06.2021, numbered 16686, it is aimed to examine the retail banking products and services of banks within the framework of different parameters and the provisions of the Agency's legislation, to follow the trend and to rank them.

It is envisaged that the on-site inspection of the banks operating in the retail banking sector in the sector by adhering to an audit plan, and the determination of whether the retail banking activities are carried out in accordance with customer rights and serve fair competition in the sector will increase the position and functionality of the Agency in the sector. In this direction, the audit teams consisting of the Financial Consumer Relations Department professional personnel completed the impact analysis studies in 2 banks in 2021 and started on-site audit activities in 5 banks as of 01.09.2021. The first concrete outputs are expected to emerge in the second quarter of 2022.

As known, the Banking Law No. 5411 in particular, and other laws that constitute the legislative provisions of the Agency and related sub-regulations constitute the rules that banks are obliged to comply with. Again, the instructions and board resolutions conveyed to the banks by the Agency through the associations of organizations also constitute the basic building blocks that regulate the business and transactions of the banks. It is planned to evaluate the compliance

status of banks with BAM and Agency legislation provisions over all transactions not based on complaints, and to prevent violations at their source. The non-compliance reports to be prepared as a result of the determinations to be made on the aggregated data will increase the deterrent power of the Agency, and the root causes of the legislative violations will be reached with the analyzes. The process of harmonization with the legislation will be accelerated by providing relevant feedback to the banks.

Additional forms have been designed in line with the purpose of analyzing retail banking data in more detail in areas such as complaints/income/expense mechanisms/customer profile; and in this way, it has been made possible to make analyzes, comparisons/evaluations that have not been done before, and to follow the trend of the industry more closely and instantly. In addition to the Banks Surveillance System Form Package, the profitability status, customer profiles and business lines of banks operating in the field of retail banking will be analyzed and contributed to the knowledge of the Agency by means of the data to be obtained over BVTS.

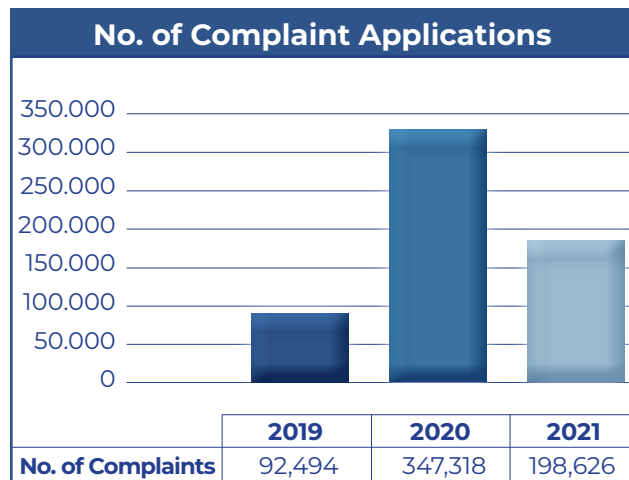
Also, on-site inspection activities carried out within the scope of the "Regulation on Service Level and Quality of Bank Call Centers", which came into effect on 20.05.2020 to observe the rights and interests of consumers, to measure the service level of the banks' call centers and to determine the service quality, due to the density experienced in the call centers of the banks as a result of the fact that the financial transactions of the consumers were mostly carried out through the Call Center channel during the pandemic period.

Apart from these, in 2021, necessary participations and contributions were made to the Customer Complaints Arbitration Committees, which were established to evaluate and resolve disputes between TBB and TKBB member banks and individual customers, pursuant to subparagraph (j) of Article 80 of the Banking Law No. 5411

At the same time, all of the applications and complaints received by the Agency through various channels are first referred to the Financial Consumer Relations Department, and the applications that concern other institutions or other units of the Agency are forwarded to the relevant institutions, organizations and relevant units of the Agency after being subjected to preliminary evaluation by the Preliminary Investigation Unit within the department.

The total number of applications submitted to the Agency in 2021 and in previous years through the channels which applications can be made is given in the chart below.

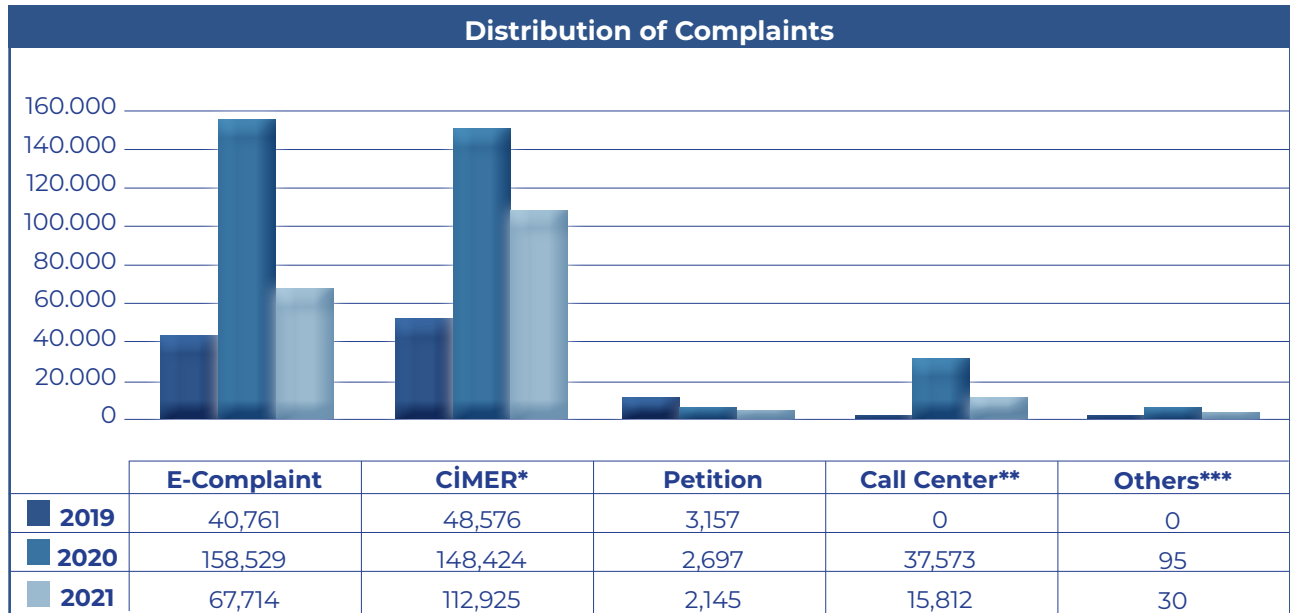
Graph 1: Applications Received by the Agency Annually



When the " Applications Received by the Agency Annually" is analyzed, the number of applications received by the Agency increased significantly with the Covid-19 pandemic that emerged in 2020, The applications made to the Agency increased by 275% in 2020 compared to the previous year and reached 347,318 especially due to the strong demand from citizens for the support loans with a limit of 10.000 TL offered by the Public Banks to support the economy; In 2021, with the expiration of the said campaign, the number of complaints decreased by 42.8% and a total of 198,626 complaints were filed in 2021.

The distribution of the number of applications submitted to the Agency in 2021 according to the application channel is given in the chart below

Graph 2: Channel-based Distribution of Applications Received by the Agency



*Since Information and BIMER channels were closed; these data were added to the current CiMER data.

**As complaints were not accepted through the Call Center channel until April 2020, the values covering the period before this date were excluded.

***Applications made through the other channel consist of applications manually entered into the E-complaint system by the Agency personnel.

A total of 85,671 applications were received in 2021 to the E-complaint, Petition and Call Center channels, which are the direct communication channels of the Agency, and it is observed that the E-complaint and Call Center channels are mainly used. Complaint applications received by the Agency through the E-complaint system decreased by 57.3% compared to 2020 and decreased to 67,714 in 2021. On the other hand, 15,812 complaints were submitted to the Agency in 2021 through the Call Center, which started to accept complaint applications in April 2020.

While the channel with the highest number of complaints in 2020 was the E-complaint, the highest number of complaints were received from the CiMER in 2021, and in 2021, a total of 112,925 complaints were submitted to the Agency via the CiMER.

The number of applications submitted to the Agency through all channels in 2021 on a monthly basis for 2021 is given in the chart below.

Graph 3: Distribution of Applications Received by the Agency in 2021 on a Monthly Basis

When the "Distribution of Applications Received by the Agency in 2021 on a Monthly Basis" graph is examined, it is seen that the number of complaints received throughout the year remained stable.

The change in complaint issues on a yearly basis is given in the table below.

Table 14: Comparison of Subjects of Applications Received by the Agency with Data of 2020

Subject	2020	2021
Debit and Credit Cards	40,043	37,316
Consumer Loans	85,513	58,042
Deposit/Participation Fund Transactions	25,112	28,089
Applications that fall within the scope of other Institutions/Organizations	18,064	19,269
Commercial Loans/Product	34,158	16,682
Alternative Distribution Channels	7,624	13,595
Execution Related Issues	3,495	5,091
Overdraft Account Procedures	2,220	2,487
Information & Document Requests from the Agency	1,718	1,227
Recommendation/Opinion Requests from the Agency	975	1,203
Applications not Containing Concrete Requests	3,935	1,907
Disclosure of Customer Secrets	589	982
Non-Bank Institutions	2,375	11,853
*Other subjects	121,497	883
Total	347,318	198,626

**The majority of the complaints under the title of Other Issues in 2020 consists of the complaints related to Support Loan with a Limit of 10,000 TL.*

Examining the table of "Comparison of Subjects of Applications Received by the Agency with Data of 2020" it is seen that 29.2% of the total 198.626 complaint applications submitted to the Agency in 2021 were about the Personal Loans, 18.8% were Debit and Credit Cards, 14,1% were Deposit/Participation Fund Transactions. Although a decrease was observed in the total number of complaints compared to the previous year, it is observed that complaints about Non-Bank Institutions, Alternative Distribution Channels and Disclosure of Customer Secrets increased significantly compared to 2020.

On the other hand, the number of calls received by the Agency's Call Center decreased by 42.6% compared to the previous year, and a total of 139.475 calls were received by the Agency's Call Center in 2021.

The monthly distribution of applications received through the Call Center channel in 2021 compared to 2020 is given in the table below.

Table 15: Monthly Distribution of Complaints Submitted to the Agency's Call Center

Date	Number of Calls	Number of Responded Calls	Number of Calls Terminated in the Voice Response System	Unanswered Call	Average Call Time (sec)	Availability Level	Coverage Rate (AR)	Service Level SL (30 sec)
January	7,336	3,253	4,076	7	252	100%	100%	99%
February	8,924	3,198	5,716	10	252	100%	100%	99%
March	8,593	3,982	4,607	4	269	100%	100%	99%
April	7,404	3,145	4,255	4	254	100%	100%	99%
May	5,233	3,032	2,197	4	260	100%	100%	99%
June	6,771	4,233	2,524	14	246	100%	99%	98%
July	42,012	16,419	25,341	252	192	99%	99%	90%
August	17,791	6,703	11,056	32	207	100%	100%	98%
September	13,045	5,643	7,365	37	222	100%	99%	96%
October	6,922	4,627	2,273	22	245	100%	100%	96%
November	6,884	4,672	2,194	18	242	100%	100%	98%
December	8,560	6,081	2,439	40	238	100%	99%	92%
TOTAL	139,475	64,988	74,043	444	240	100%	98%	95%

Examining the table of "Monthly Distribution of Complaints made Submitted to the Agency's Call Center", it is seen that a total of 139,475 calls were received by the Agency's Call Center in 2021; 64,988 calls were answered and 444 calls were not answered. Compared to 2020, the number of incoming calls decreased by 34.3% and the number of answered calls decreased by 42.6%. After the decision to liquidate 21 Savings Financing Companies at the beginning of July 2021, it is observed that there was an intense increase in the number of calls received by the Call Center in July and the following months.

Any notices, complaints, applications and requests for examination submitted to the Agency regarding individual products and services in 2021 by the judicial authorities were subject to audit by the Financial Consumer Relations Department. Within the scope of audit activities, 247 reports were prepared in 2021, 200 warrants were included in the agenda of the Board, and 200 Board Decisions were taken as a result of the audits. With the aforementioned Board Decisions, the signing authority of 6 persons was revoked and an administrative fine of 61,126,869 TL was imposed on the banks in total.

8. INFORMATION MANAGEMENT SYSTEMS

Management information system activities include systematic acquisition, evaluation and analysis of information on the Agency's activities and accurate and clear transfer to any user in need in a timely manner.

8.1. Data and System Management

Within the scope of data and system management activities, efficiency and diversity of applications which support the Agency's functions were increased.

Within the scope of data acquisition process, banks, leasing, factoring, finance, asset management companies, and Turkish representations of foreign banks submitted 234 types of forms on a daily, weekly, monthly, quarterly, semi-annually and annually basis.

In line with the demand of the top management of the economy, studies for rapid data acquisition have intensified and studies have been carried out to receive reports consisting of selected data sets for the relevant day at the end of the day. As a result of these studies, the acquisition of data sets of this nature, which has been started since the beginning of 2020, continues.

In order to increase the data quality, studies were conducted on the improvement of metadata of forms/data received via Banking Data Transfer System (BVTs).

In accordance with the relevant legislation updates, the entire reporting set was reviewed; 4 new surveillance forms were created and 36 template forms and explanations were changed.

In order to test the consistency of information on the reported forms, check lists were created and review cross-reference set in both form updates and quality process. Changes in periodic reports that pass the checks are carried out under acknowledgement of the Agency in order to improve data quality. The application channel created for this purpose and named as key application is used for updating information by the parties concerned. Organizations that started operations in 2021 were defined in BVTs

to ensure they submit their periodic reports to the Agency,

Bulletins (Banking Sector Data): Contributions were made to IV. Period preparatory work to cover 2022-2026 of the Official Statistics Program, which is being prepared for 5-year periods under the coordination of TURKSTAT, in order to determine the basic principles and standards regarding the production and publication of official statistics, and to ensure the production of up-to-date, reliable, timely, transparent and impartial data in the fields needed at the national and international level.

Frequently asked questions about the bulletins have been prepared and added to the website in order to better meet user needs and provide ease of use.

Within the purpose of informing the public, key balance sheet items in the banking industry are presented on a daily basis; credit deposits and non-balance sheet liabilities are presented on a weekly basis; and key financial statements, credit portfolio, deposit distribution and types, non-balance sheet liabilities, liquidity, capital adequacy and foreign currency positions of banks are presented on a monthly basis. FinTürk, "Banking Sector Data based on Cities " as well as the monthly key financial statements and receivables of leasing, factoring and financing companies are presented in leasing, factoring and financing company bulletins on a quarterly basis. The English versions were also created and access was provided to the daily, weekly, monthly information and the quarterly "Basic Banking Indicators". In addition, as of 2021, the asset management company bulletin began to be published in a quarterly period.

The preparation process for the "Factoring, financial leasing and financing companies Basic Indicators Report" to be published quarterly on factoring, financial leasing and financing companies continues, and the updating of the published "Basic Banking Indicators" report with additional visuals continues.

Within the scope of the Quality Logo evaluation initiated by TUIK in order to ensure that the statistics under the Official Statistics Program (RIP) are produced in accordance with the quality principles,

to raise awareness on “National quality principles and indicators” and to identify areas for improvement in statistics; the process regarding quality assessments of the Monthly Banking Sector Data, Weekly Banking Sector Data, Selected Banking Sector Data based on cities, Factoring Sector Data, Leasing Sector Data, Financing Companies Data was completed and Official Statistics Quality Document was obtained from TUIK.

“National Data Publication Schedule” which lists when and how to publish the statistics included in the Official Statistics Program was updated with 2022 data and published on the Agency’s web site.

Information Sharing Activities with other organizations and institutions: Activities related to meeting new demands for data sharing with other institutions and organizations within the framework of legislation and bilateral agreements and maintenance of related systems were continued in 2021, and improvements were made regarding the continuation of data sharing.

The Agency shared information with domestic and foreign institutions and the public within the framework of the principles of confidentiality, integrity and accessibility of data within the scope of ISO 27001.

Information regarding the matters related to the conduct of monetary, credit and banking policies is regularly shared with the Central Bank of the Republic of Türkiye, the Ministry of Treasury and Finance, Savings Deposit Insurance Fund, and Financial Crimes Investigation Board Regular within the framework of existing protocols.

Data is exchanged within the scope of the protocol signed with the Ministry of Commerce, TURKSTAT and the Revenue Administration in order to strengthen the cooperation on data sharing, to define mutual information needs, to use administrative records more effectively in statistical production processes, and to determine the principles regarding information sharing to ensure that data transfer is carried out in a secure environment.

Efforts continued to make the data received through the Central Distribution System (MEDAS), which includes the statistics shared by the Turkish Statistical Institute (TUIK), for internal use. In addition,

information is regularly shared between the BRSA and TURKSTAT.

Within the scope of the information sharing protocol signed with the Ministry of Commerce in 2020, the cooperation between the Institutions was strengthened and access to the information in the Central Registry System was continued in order to use the administrative records more effectively in the statistical production processes of the Institution.

In accordance with the protocol signed with the Central Registry Agency within the scope of the "e-VEDO Electronic Data Repository Project" in 2020, systematic studies continue for determining the safe way and method to share the data reported through the e-VEDO Platform.

Within the year 2021, the service named “Inquiry of Bank with a Deposit / Participation Fund Account belonging to the Testator” specifically for the e-Government Gateway, in order for the citizens to inquire about the information in which banks have savings deposit and participation fund accounts belonging to their testators, and for this purpose Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş., and the studies on signing a protocol with the company were carried out and the service was made ready for use by the end of 2021. In addition, studies have been carried out to provide citizens with the information on which banks they or their testators have safe deposit boxes via the e-Government Gateway.

Pursuant to the provisions in various articles of the Banking Law No. 5411 and within the scope of periodic information sharing in cooperation with the relevant institutions and organizations operating in the field of duty, data was regularly shared between the Agency and the Finance Office of the Presidency within the scope of the data sharing protocol signed.

New protocols are made to increase data quality, accelerate data sharing processes, and exchange data in electronic environment, and existing protocols are updated as needed. In this context, the protocol on information sharing, which was previously signed between MASAK and the Agency, was updated and the former one was terminated in 2021, and a new protocol was signed between the Small and Medium Enterprises Development and Support Administration and the Agency.

Sharing of the bank information that has a deposit or participation fund account offered through the e-Government Gateway under the responsibility of the Agency was started upon signing a protocol with the Ministry of Justice in order to ensure that it is used in the works and transactions related to judicial proceedings and judicial activities in the central and provincial organizations of the Ministry of Justice.

In accordance with the provisions of various articles of the Banking Law No. 5411; the Agency provided information to organizations as well as periodic information sharing in cooperation with relevant institutions and organizations operating in its field of duty. In this context, the Agency contributed to the Socio-Economic Development Ranking of Districts Research (District SEGE) of the Ministry of Industry and Technology by providing data on a district basis. Also, studies on the protocol planned to be realized between the Ministry of Industry and Technology and the Agency are continuing.

In 2021, the data and information set required for the information request documents prepared by the IMF-WB Committee within the scope of the Financial Sector Evaluation Program (FSAP) was prepared.

Studies on the National Data Dictionary were initiated by the Digital Transformation Office of the Presidency in order to solve various problems such as integration difficulties in the information systems of public institutions and organizations, repetitive and conflicting data, the lack of language unity in information systems and the uncertainty of data ownership, and the Agency participates in such studies.

The sharing of domestic branch information of banks with the Ministry of Interior continued.

BRSA Business Intelligence (BIZ): After the new version of the BRSA Business Intelligence Application was made available to the employees of the institution, the users were provided support in many other subjects including advanced analytics, advanced data visualization, dashboards, query, instant reporting, analysis and formatted reporting.

In-house trainings were held by the Agency on the use of the BRSA Business Intelligence (BIZ), which refers to the software tool and components that help analysis by converting the periodic data transferred

to the Agency's database by banks and other institutions into meaningful and usable information, providing fast access to the desired information.

Electronic Document Management System (EBYS): System improvement/development activities based on requests by the Agency personnel continued in 2021. The capacity of the system was increased and the system infrastructure was improved. The EYP 2.0 transition has been completed. Electronic Seal and Corporate Encryption certificates were procured and started to be used within the scope of the Official Correspondence Procedures and Principles Regulation, which has been implemented since the beginning of 2021. Improvements will continue to be made in areas where needed.

Agency's Website: The Agency website was renewed to ensure that its design and infrastructure complies with developing technologies and the development of its content management system was completed and put into use. In this context, improvement works continue in accordance with modern design principles that are compatible with both internal needs and developing technology and open to development and expansion.

Agency's Intranet Site: Renewal works continued in line with the needs of the institution. On the Intranet Site, where changes can be easily integrated thanks to its flexible infrastructure, necessary improvements were made in the interfaces and functionality to provide the best service to the employees of the Agency. Integration with the corporate website and information security applications was ensured. Transformations continued for other in-house applications to work in harmony with the intranet site. The necessary infrastructure was established to report access information about the intranet site and the applications accessed from it.

E-Complaint Application: Regarding the E-Complaint Application, the improvements deemed necessary by the Agency and requested by the relevant organizations were performed. System development and improvement studies continued in line with the developing technology. Developments that increase ease of use and functionality regarding the e-Government integration process were completed, and it is planned to be implemented in 2022 after the completion of the tests.

Regarding the E-Complaint Application, the improvements deemed necessary by the Agency and requested by the relevant organizations were performed. In this context, integration with E-Government was completed in 2022. Works are ongoing for the data exchange of the system with organizations.

Independent Audit Tracking System (BADES):

Maintenance and improvement studies were carried out in line with the needs of internal and external users. Necessary updates were made on the existing BADES, which meets the new and advanced needs in line with the changing technology.

Informatics Infrastructure Applications:

Infrastructure improvement studies were carried out to improve the application infrastructure for internal and external use, ensuring that it is more effective, efficient and compatible with current technology.

Human Resources Exam Application: It was integrated into the career door service offered on the e-government platform.

Support Services Applications: New modules were added to the application, which is used within the intranet infrastructure of the Agency and used in related units, within the scope of requests coming in 2021.

BDDK Reporting System (BRS) Technical Support:

Both technical support and business-related issues are monitored for the problems notified to the BRS support e-mail address or communicated by the companies directly by telephone. During this period, approximately 7,000 e-mail notifications were received regarding the problems faced by organizations reporting via BVTS and solutions for these e-mails were delivered to the parties through the e-mail channel.

Reporting Sets Application: It has been developed to provide explanations and templates of the forms periodically received from the institutions subject to the audit and supervision of the Agency through the BRSA Data Transfer System (BVTS) and general information about the forms. In line with the opinions and requests of the relevant units, the necessary improvements on the application were continued in 2021, and "Subject-Based Reports" developed with the BRSA Business Intelligence were added.

It has been developed to provide the classification of the forms provided under the BVTS with the type of establishment, frequency of submission, content and other dimensions and to present the information obtained from this study to the relevant personnel through an application. In line with the opinions and demands of the relevant units, the necessary improvements on the application continued in 2021.

The Study of Collecting the Services received from Other Public Institutions under a single roof:

In order to integrate the services provided by other public institutions open to the access of the Agency and accessed within the framework of the protocols signed between the parties, an intermediate web service to access all services and related monitoring to ensure access security and to monitor the accesses and to perform the authentication methods, and management applications have been started to be developed.

Improvement Studies in Server Topology: In line with the principles of confidentiality, integrity and accessibility, renewal and improvement studies are carried out in the server topology. Due to the increasing needs of the institution, it is tried to get maximum benefit from the available resources. In this context, necessary studies were carried out for optimum use of system resources.

BVTS Renewal Study: Redevelopment studies have been started in order to ensure that the processes are carried out through automated systems to the maximum extent to provide the services offered by the Banking Data Transfer system using new technologies and by adding features that the current system cannot support, sending, error correction, update, etc. of reporting sets received from banks and other institutions,

Coordination with Treasury Ministry of Finance General Directorate of Information Technologies and National Cyber Issues InterventionCenter:

Within the scope of security measures to be taken against known and emerging cyber-attacks, the Agency made necessary definitions on security devices in information systems for the effective protection in harmony with the Treasury Ministry of Finance General Directorate of Information Technologies and the National Cyber Issues InterventionCenter (USOM).

Operation of ISO 27001 Standard ISMS (Information Security Management System): The ISO 27001 control audit carried out by the Turkish Standards Institute in 2021 was successfully completed and the ISO 27001 Information Security Management System certificate is being used.

Measures Taken for Public Employees within the Scope of the Pandemic: Within the framework of the measures taken for public employees within the scope of Covid-19, the maintenance of the technological infrastructure established for the employees of the Agency to work remotely was provided, and the remote access certificates of the personnel were updated.

The user capacity of the software, which includes meeting, training and webinar modules, was increased in order to meet the need for a video conferencing application, where the employees of the institution can make remote calls.

Improvements made in Information Systems: Annual maintenance support agreements were made for the switching devices used within the Agency and for the video conferencing devices located in the meeting rooms. Thus, periodic maintenance and security updates of these devices are carried out regularly.

License update and maintenance support of the firewall and its components, which are the basic security components of the Agency's information systems, were carried out, and updates and improvements were carried out in the backup processes of the Agency's information systems.

The version of the operating system on the user computers was upgraded and brought to the latest state. In line with the directives from the USOM and the Ministry of Treasury and Finance, necessary systemic updates were made by taking precautions against zero-day attacks. Periodic hardware inventory studies of information systems were carried out, the current status of the hardware was identified and studies were carried out for hardware redundancy. Hardware software updates were made on server computers against security risks.

9. SUSTAINABLE BANKING

Being felt more and more every day, environmental and social problems, especially climate change, create harmful effects for individuals and organizations. While the finance sector is faced with important risks and opportunities arising from these problems, it plays a leading and encouraging role for the solution of environmental and social problems as a financier.

The risks that financial institutions are exposed to appear in two ways as physical risks and transition risks. Physical risks may appear as the direct effects of extreme climate events on the physical assets, service flows and supply chains of financial institutions, as well as indirectly through the effects on customers and investors. In addition, it is seen that the regulations and policies implemented to prevent or reduce these physical risks, especially the transition to a low carbon economy, have the potential to create significant effects on the financial sector, called transition risks

On the other hand, the transition to a sustainable and green economy also brings important opportunities for the financial sector. Foremost among these is the large amount of additional financing need arising from the investments necessary for the transition to a sustainable economy. In parallel with the increase in financing demand, international funds of sustainability, new emerging markets, products and tools, especially the carbon emission market, additional funds and liquidity opportunities that can be accessed through special products to be designed for environmentally and socially sensitive segments, possible incentives and supports to be provided by the public are among the opportunities that the financial sector should consider and evaluate in this process.

In this process, the Turkish banking sector has developed awareness in environmental and social sustainability since the 2000s in order to effectively evaluate the risks and opportunities it faces, and as a requirement of its social responsibility awareness and international integration, identified strategies and policies, built capacity, displayed good practice examples. In this context:

- In 2014, the “Sustainability Guide for the Banking Sector” was published by the Banks Association of Türkiye (BAT). The Guide was updated in March 2021.
- “BIST Sustainability Index” was formed by Borsa Istanbul (BIST) in 2014. Currently, there are 9 banks within the scope of the Index, with a total sector share of 63%.
- In 2016, the first green bond issuance at international standards was carried out by banks domiciled in Türkiye, and the total of green/social/sustainable bond/sukuk issuances to date has reached 4 billion USD.
- In 2017, “Global Compact Türkiye’s Sustainable Finance Statement” was signed by 8 UN Global Compact member banks.
- Since 2017, 5 banks have joined the supporters of the Financial Stability Board (FSB) Climate-Related Financial Disclosures Task Force (TCFD) recommendations.
- Since 2020, 8 banks have been publishing an integrated report that includes both financial and sustainability perspectives.
- In 2021, the first independent “Climate Risks Report” was published in line with TCFD recommendations.
- In 2021, sustainable subordinated lease certificates and partnership-based green lease certificates were issued for the first time by banks.
- Environmental and social risk assessment systems have been established by 15 banks with a sector share of 62% to conduct risk assessments specific to projects and customers.
- Portfolio-level analysis such as scoring, heat map, stress test, scenario analysis has been carried out for climate risks by some banks, especially large-scale banks, or efforts have been made to build capacity in this direction.
- Considerable financing has been provided by the Turkish banking sector for renewable energy, which is of critical importance in the fight against climate change, and as of September 2021, the total cash financing balance provided to renewable energy reached TL 200 billion (US\$ 22.6 billion).

In addition to these efforts in the sector, some guiding and encouraging steps have been taken by the BRSA to increase awareness, knowledge and institutional capacity in the field of sustainability. In this context

- In 2015, The Agency became the member of the IFC “Sustainable Banking and Finance Network” (SBFN).
- “Turkish Banking Sector Sustainability Research” was conducted in 2018.
- In 2019, the loan-to-value ratio was increased for these loans in order to increase housing finance with high energy performance.
- In 2020, the Agency became a member of the Basel Committee on Banking Supervision “Task Force on Climate-Related Financial Risks” (TCFR)
- In 2021, with the “Credit Allocation and Monitoring Processes Guide”, expectations from banks regarding the development of policies for climate risks and environmental loans were identified.
- In 2021, the “Sustainable Banking Working Group” was established within the Agency.
- In 2021, the Agency became a member of the “Financial System Greening Network” (NGFS).

Despite all these developments, it is seen that sustainable finance in Türkiye has not developed in parallel with the level of advancement, diversity and weight of the sector. Uncertainties in the macroeconomic environment, low national savings rate and short-term funding structure of the banking sector are the leading structural problems in front of development.

Among the corporate problems, the lack of a green classification for economic activities, a standard reporting practice on sustainability in the real sector, a carbon market in which carbon emissions are priced, and unavailability of a widespread, reliable and accessible service infrastructure for the verification of sustainability data are the leading ones. In addition, difficulties in following and internalizing advanced approaches and methodologies that are just developing and taking shape at the global level in risk management are also important problems. It is important for both banks and authorities to establish the internal capacity required by the aforementioned approaches and methodologies. Finally, the absence of a regulatory and supervisory framework on sustainability prevents the establishment of a minimum standard in practices, increasing uncertainties and information pollution.

In addition to all these issues mentioned, considering:

- The carbon border adjustment, which is envisaged by the "EU Green Deal" published in 2019 and which will be implemented as of 2026, posing a significant risk for our country's economy, which exports almost half of its exports to EU countries,
- Environmental, social and governance (ESG) criteria, which are taken into account in global investment strategies, are increasingly becoming a prerequisite for access to finance, and it is becoming difficult for companies that do not have sufficient performance in this field to access finance in international markets,
- The critical importance of a financial sector that can effectively manage climate-related risks and opportunities and provide the necessary financing for sustainable investments and projects under appropriate conditions in the effective implementation of the commitments made by our country and the plans and policies announced within the scope of the Paris Agreement,
- The importance of investments in renewable energy and energy efficiency in terms of energy security and economic and financial stability of our country,

the development of sustainable finance in our country has gained a special importance and urgency.

As a matter of fact, within the scope of the “Green Deal Action Plan” put into effect with the Presidential Circular No. 2021/15 published in the Official Gazette dated 16.07.2021, a roadmap (Action 3.2.5) for the development of sustainable banking is envisaged by the Agency in line with the objective of developing the ecosystem that will enable the development of green finance in our country (Target No: 3.2.).

In this regard, the “Sustainable Banking Strategic Plan (2022-2025)”, prepared based on the opinions and recommendations of all relevant parties, was shared with the public in December 2021. The Strategic Plan has been prepared to cover the period of 2022-2025 in order to ensure that our banking sector provides the necessary adaptation before 2026, an important transition date for the economic and financial system of our country, when the carbon border adjustment will begin to create financial obligations in accordance with the EU Green Deal and the “Fit for 55 Package”.

Defining its sustainable finance vision as “a banking sector that effectively manages the environmental and social risks and opportunities it faces, especially climate change, and provides the financing needed for the transition to a low-carbon economy, under appropriate conditions”, the Plan includes 3 main strategic objectives: (1) effectively managing and monitoring climate-related risks, (2) improving the financing needed for the transition to a sustainable economy, and (3) improving cooperation between interested parties.

There are 21 actions aimed at creating a suitable environment for this and making joint studies of the relevant parties in the field of sustainability for the strategic purposes in question in the plan; establishing a data infrastructure with the required quality and scope for the analysis of financial risks based on climate change, increasing the climate risk management capacity of banks, strengthening the supervision and surveillance framework in order to enable banks to manage climate risks effectively, encouraging sustainable loans, and easier access of banks to international funds for sustainability purposes.

10. RELATIONS WITH OTHER INSTITUTIONS AND THE PUBLIC

10.1. BRSA Corporate Communication Policy

Within the framework of the vision and mission undertaken by the Institution, the main objective of the Agency's communication policy is to continuously monitor the development of its work and the level of reaching the determined targets, and to share the results with the relevant stakeholders in a simple, effective and two-way communication framework in accordance with the principles of openness, transparency and accountability.

Among the holistic objectives of the communication strategy of the Agency are to introduce the Institution, to develop and implement policies that will contribute to the increase of the welfare of the society, especially the financial sector, to support the public awareness by establishing financial awareness, to increase the trust, corporate image and reputation of the Agency through healthy communication channels to be established with the awareness of being a public authority, to support the perception that it is a transparent, merit-based, leading institution in technical, national and international socio-economic issues.

In this respect, the "Corporate Communication Policy" was prepared in 2020 in order to clearly identify the communication scope of the Agency, the content of sharing, the principles on which it is based, and the communication channels suitable for the addressee audience. Within the framework of the said policy, the Agency's website and social media accounts are managed by the Corporate Communications and Foreign Relations Department.

10.2. Domestic Organizations

10.2.1. Public Institutions and Organizations

Based on Article 98 of Banking Law, views were exchanged and information was shared in 2021 with the Strategy and Budget Department of the Presidency, Ministry of Treasury and Finance, CMB, SDIF and Central Bank in order to ensure coordination

and cooperation among these agencies in executing monetary, credit and banking policies. In addition to these agencies, the Agency exchanged views on the issues concerning the banking sector with other public institutions and organizations especially the Ministry of Foreign Affairs and the Ministry of Commerce.

Coordination Committee: The Coordination Committee consisting of the Agency Chairman and Vice Chairmen and SDIF Chairman and Vice Chairmen pursuant to Article 100 of the Banking Law, is in charge of ensuring that maximum cooperation be established between the Agency and the SDIF when it is necessary to carry out transactions in the competency of the SDIF, 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. At the quarterly meetings of the Committee in 2021, evaluations and information exchange were made on the general outlook of the banking industry, measures to be taken as a result of credit institution audits, calculation of risk-based insurance premiums and situations which require procedures by SDIF.

10.2.2. Criminal and Administrative Judiciaries

As per subparagraph (çç) of third paragraph of article 26 of the Regulation on Organization of Banking Regulation and Supervision Agency, promulgated in the Official Gazette edition 28493 on 16.03.2014: "To request the Legal Affairs Department to recover and collect the unpaid contributions within the frame of the Law on Procedures of Collection of Public Receivables no. 6183 dated 21.07.1953", the Legal Affairs Department, authorized to collect any

amount on behalf of the Agency within the frame of the Law on Collection Procedures of Public Receivables No. 6183.

On the other hand, article 20 of the Regulation on Organization of Banking Regulation and Supervision Agency lists the duties of the Legal Affairs Department. Accordingly, the Department

continued to represent the Agency in front of civil, criminal and administrative judiciaries and execution proceedings. The Legal Affairs Department also, expresses legal opinions.

In this context, information on the lawsuits to which the Agency is a party is presented in the table below by classifying them according to the nature of the lawsuits in question.

Table 16: Lawsuits involved in by the Agency

Type of Lawsuit	2020		2021	
	Number	%	Number	%
Administrative Lawsuits	1,528	87.9	1,577	86.8
Criminal Lawsuits	150	8.6	172	9.5
Civil Lawsuits	61	3.5	67	3.7
Total	1,739	100.0	1,816	100.0

As seen in the table, 86.8% of the cases to which the agency is party in 2021 are consist of, administrative law cases most of which are composed of retrial actions brought by minority shareholders of Demirbank T.A.Ş., administrative cases relating Asya Katılım Bankası A.Ş., annulment and full remedy actions filed against several administrative operations executed by the Board and the Agency pursuant to the banking laws and related legislations. In addition, criminal cases brought as a result of complaints made by the agency and legal actions brought against by the Agency are also followed by the Legal Affairs Department.

Furthermore, though legal proceedings relating to applications filed before the European Court of Human Rights against the Republic of Türkiye regarding the banks whose management, supervision and shareholding rights and excluding dividends are transferred to the Saving Deposits Insurance Fund are pursued by the Ministry of Justice as per the related laws, it is the responsibility of the Legal Affairs Department to coordinate the process of gathering the information, documents and comments that may be demanded by the Ministry of Justice from our Agency in connection therewith.

The Legal Affairs Department makes the written application to the chief public prosecutor's office regarding the issues that are submitted to the agenda of the Board by the Enforcement

Departments of the Agency and which are decided by the Board to make a written application against them. Within this framework, a total of 69 written applications were made in 2021. Moreover, after the Decree of the Council of Ministers, no. 2016/9064, on Announcement of State of Emergency, promulgated in the Official Gazette edition 29777 on 21.07.2016, the warrants received from public prosecutors and other public institutions and organizations have been and are being answered by the Legal Affairs Department. In this period, total numbers of internal and external correspondences were recorded as 1878 and 1721 respectively, also including letters and correspondences received from various courts, public prosecutors and other public institutions and organizations.

Within the scope of advisory activities, under subparagraph (d) of article 20 of the Regulation on Organization of Banking Regulation and Supervision Agency, the Legal Affairs Department has given a total of 42 legal opinions during 2021. These opinions are in various subjects total number of 42 such as implementation of banking laws, draft regulations and international memorandum of understandings signed between the Agency and the relevant supervisor authorities of foreign countries to implementation problems relating to personnel regime of the Agency.

10.3. International Organizations

10.3.1. Foreign Equivalent Authorities

The Turkish banking sector is closely integrated with international financial markets. In this context, supervision and surveillance of the overseas activities of our banks are closely related to the stability and reliability of the financial systems of both our country and the host country.

In order to increase its competitiveness and market share, Turkish banks operate in international markets through their overseas branches, representative offices and financial subsidiaries. On the other hand, in addition to the globalized world economies and increasing competition conditions, the attractiveness of the Turkish financial markets for the investor is influential in the participation of many foreign banks through participation, branch and representative offices in our country.

In 2021, meetings were held with the supervisory authorities of foreign banks operating with such structures in our country, and information was exchanged, and the relevant authorities were informed about the effects of the banking sector and macro variables on the sector.

To gain access to the necessary information to evaluate the activities of our banks abroad and their connections with the parent company through their foreign subsidiaries, branches and

representative offices; to facilitate cooperation with foreign countries in order to carry out effective regulation and supervision activities related to these activities, the establishment of an international legal framework continued by the Agency.

As stipulated in Article 98 of the Banking Law, the Agency cooperates and exchanges information with foreign audit authorities for the harmonization of policies and regulations within the framework of bilateral memorandum of understanding signed with them.

Memorandums of understanding are signed to increase collaboration between the supervision and regulating authorities to ensure financial stability and sustainable growth. In relation to the memorandums signed by and between the Agency and foreign equivalent supervision authorities, the parties attach significant importance to collaboration to support the legal, regulating and corporate framework to maintain financial stability, work in cooperation to define and deploy best practices to improve the finance industry, organize education programs and share information.

As of the end of 2021, memorandums of understanding were signed with 40 authorities from 36 countries and information regarding existing memorandums of understanding is given in the table below. In addition, negotiations for signing a memorandum of understanding with the audit authorities in Moldova and Austria continued and significant progress was achieved.

Table 17: Memorandums of Understanding Signed with Foreign Equivalent Authorities

Country	Organization	Signing Date
TRNC	Central Bank of TRNC	17.09.2001
Albania	Central Bank of Albania	19.10.2001
Romania	Central Bank of Romania	19.02.2002
Bahrain	Central Bank of Bahrain	30.07.2002
Indonesia	Central Bank of Indonesia	11.12.2002
Pakistan	National Bank of Pakistan	20.01.2004
Malta	Malta Financial Services Authority	10.12.2004
Greece	Central Bank of Greece	28.01.2005
Kyrgyzstan	Central Bank of Kyrgyzstan	17.05.2005
Azerbaijan	Central Bank of Azerbaijan	14.06.2005
	Financial Markets Supervisory Authority of the Republic of Azerbaijan	28.12.2018
Bulgaria	Central Bank of Bulgaria	13.09.2005
China	Banking Regulation Commission of China	11.07.2006
Georgia	Central Bank of Georgia	02.11.2007
Kosovo	Central Bank of Kosovo	12.05.2008
Luxembourg	Luxembourg Finance Industry Inspection Authority	13.03.2009
Lebanon	Banking Control Commission of Lebanon	10.06.2009
Bosnia-Herzegovina	Bosnia-Herzegovina Banking Agency	12.06.2009
Kazakhstan	Banking Committee of the Central Bank of Kazakhstan	28.08.2009
	Kazakhstan Financial Market Supervision Authority	12.02.2019
Ukraine	Central Bank of Ukraine	19.02.2010
Macedonia	Central Bank of Macedonia	30.08.2010
Russian Federation	Central Bank of Russian Federation	30.09.2010
Syria	Central Bank of Syria Money and Credit Committee	21.12.2010
Qatar	Qatar Finance Center Regulation Authority	25.07.2011
Germany	Federal Financial Supervision Authority (BaFin)	05.08.2011
Croatia	Central Bank of Croatia	29.08.2011
Jordan	Central Bank of Jordan	06.09.2011
Belgium	Central Bank of Belgium	18.11.2011
South Korea	South Korea Financial Services Supervision Authority	25.11.2011
Iraq	Central Bank of Iraq	20.12.2011
Spain	Central Bank of Spain	25.11.2013
Netherlands	Central Bank of Netherlands	24.01.2015
Serbia	Central Bank of Serbia	09.06.2015
United Arab Emirates	Dubai Financial Services Authority	23.08.2007
	Central Bank of BAE	17.02.2009
	Abu Dhabi Global Market Financial Services Audit Authority	17.06.2016
India	Central Bank of India	23.11.2016
UK	Bank of England	22.05.2017
Uzbekistan	Central Bank of Republic of Uzbekistan	16.05.2019



10.3.2. Relations with International Organizations

International Monetary Fund (IMF) and World Bank (WB): The reports prepared by the IMF in 2021 were evaluated in coordination with the Ministry of Treasury and Finance and the opinions of the Agency were shared.

Within the framework of the Bilateral Technical Cooperation Agreement signed between the Agency and the World Bank in 2013, our relations with the World Bank continue in a positive way. In this regard, contributions were made to the departments that fall under the Agency's scope of duty in the meetings and joint works carried out under the coordination of the Ministry of Treasury and Finance.

Organization for Economic Cooperation and Development (OECD): Within the framework of studies carried out within the OECD, the Agency participated in the meetings in which it has an interest and the opinion on the issues of the reports prepared by the OECD within the scope of the Agency's areas of responsibility was presented.

Multilateral Trade System – World Trade Organization (WTO): The fact that WTO regulations, which provide a legal framework on how governments make domestic trade laws and regulations, and where trade relations between countries are developed through collective meetings and negotiations, cannot meet the needs of today, and that multilateral trade order is inadequate for new market openings, governments started to pursue making mutual and regional trade agreements.

Participation in the meetings was ensured by contributing to the studies on FTAs, which have become widespread in the commercial and economic relations between countries and whose negotiations are carried out under the coordination of the Ministry of Commerce, on matters falling within the Agency's field of duty. Our evaluations regarding the commitments of these countries regarding both the banking sector and non-bank financial institutions were shared with the Ministry of Commerce.

European Union (EU): The Agency continued its efforts on issues under its responsibility on meeting the obligations listed under the title of "Ability to Assume the Obligations of Membership" of National Program of Türkiye for the Adoption of the EU Acquis as promulgated on Official Gazette 27097 dated

31/12/2008, and presented information regarding these efforts to the European Union Department of the Ministry of Foreign Affairs. In order to contribute to the "Progress Report" prepared by the EU Commission, the Agency contributed to the studies carried out by the said institution regarding the developments in the chapters within the scope of the Agency's field and banking sector related issues. The works of the "Sub-Committee No. 4 on Economic and Monetary Topics, Capital Movements and Statistics" were conducted.

Islamic Financial Services Board (IFSB): IFSB is an international organization that follows international regulations for investors who prefer Islamic financial products and financial services, prepares standards and guidelines for regulatory agencies and sector participants, and organizes informative meetings on current developments and new practices. The Agency contributed to the works of the Board as a full member of the IFSB and participated in the meetings.

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI): AAOIFI is an international organization that creates systemic infrastructures and processes on the accounting and applications of interest-free finance to meet the needs of interest-free finance institutions and takes part in setting the standards for accounting, auditing, corporate governance, ethical principles and interest-free finance. Support was provided through active participation in the general assembly and organizations of AAOIFI, to which we are a member as a regulatory authority.

Black Sea Economic Cooperation (KEI): Contribution was made to the activities of the Bank and Finance Working Group of the BSEC Organization, which was established in 1992 with the aim of diversifying and further developing bilateral and multilateral economic, technological and social relations between the Member States by taking advantage of their potential, geographical proximity and complementary features of their economies, thus making the Black Sea basin a region of peace, stability and prosperity.

Bilateral Economic Relations: The meetings of the Inter-Governmental Commissions on Economic Cooperation and the Joint Economic Commissions were participated and information notes were prepared by participating in the works of preparation of Protocols and Action Plans.

Also, meetings were held throughout the year in accordance with requests from the representatives of international organizations and foreign banks and investors, particularly credit rating agencies and information was provided to the participants about the overall banking industry and the economic outlook.

institutions and organizations, and handles their information requests about its activities, industry-related regulations and developments, and agreements signed with national and international institutions and results of its researches in connection therewith.

10.4. Press and Public Relations

In line with the principles of transparency and accountability imposed by the Banking Law, No.5411, the Agency informs the public and the relevant

In this sense, communication activities continued in 2021 to inform the public and the industry. Information on the industry were shared with the public through press releases and presentations. In 2021, a total of 19 press releases were made to inform the public.

Table 18: Press Releases by Subjects

Subject	2020		2021	
	Number	Share %	Number	Share %
Applications for Banks	19	55.9	6	31.5
Publications	1	2.9	2	10.5
Corporate Activities	1	2.9	1	5.3
Other	13	38.3	10	52.7
Total	34	100.0	19	100.0

Information requests from the media on the Agency's regulation and supervision practices and the industry were replied and documents and materials were delivered to the media for use in news regarding the Agency. A daily News Bulletin compiled from national and international newspapers, magazines and finance bulletins and including news, comments and opinions on the banking industry and financial markets is issued and submitted for the use of the personnel via e-mail.

Making Banking Legislation Available in English:

As part of increasing the integration of the Turkish banking sector with international financial markets, and contributing to the effectiveness of the Agency's relations with international institutions and organizations, especially with foreign equivalent authorities due to the overseas activities of our banks; English translations of the regulations, communiqués and guides issued by the Agency regarding the Banking Law, Bank Cards and Credit Cards Law, Financial Leasing, Factoring and Financing Companies Law and the implementation of these laws are made available to domestic and foreign stakeholders on the Agency's English website.

11. AGENCY RESOURCES

11.1. Human Resources

Pursuant to Article 92 of the Banking Law; the permanent duties and services necessitated by duties assigned to the Agency are carried out by the professional personnel consisting of sworn bank auditors and assistant sworn bank auditors, banking specialists and assistant banking specialists, legal experts and assistant legal experts, information experts and assistant information experts and BRSA specialists and assistant BRSA specialists as well as administrative personnel and permanent workers.

Vice chairmen, department heads, directors, chairman's advisors and the professional staff, shall be employed under contracts signed for their positions. Contracted personnel are subject to the Civil Servants Law No. 657 excluding their wages, financial and social rights, while administrative

personnel are subject to the Civil Servants Law No. 657 in all kinds of rights and obligations personnel employed in the status of permanent workers are subject to the Labor Law 4857.

Total personnel members of the Agency are listed as 867 in list (I) attached to the Banking Law and 30% the rate of Agency personnel not categorized in manager, advisor and professional personnel positions is limited by 30% of total number of personnel.

11.1.1. Human Resources Profile

As of the end of 2021, the Agency has total 570 personnel members including managers, advisors, professional personnel, administrative personnel and permanent workers. 61% of the personnel are professional personnel.

Table 19: Distribution of the Agency's Personnel

Group	2020	% Share	2021	% Share
Manager	24	4.1	25	4.4
Advisor	14	2.4	14	2.5
Professional Personnel	369	62.5	348	61.0
Administrative Personnel	72	12.2	72	12.6
Permanent Worker	111	18.8	111	19.5
Total	590	100.0	570	100.0

The Agency's vision and mission are considered determining and meeting the human resources requirements and the main principle is to ensure that the activities are performed by a sufficient number of qualified employees.

When the distribution of professional personnel according to seniority is considered as of the end of 2021; it is seen that 37% of the personnel have seniority between 1 and 3 years, followed by the personnel group in the seniority tranche between 10 and 19 years with a share of 24%.

Table 20: Distribution of Professional Personnel by Seniority

Title Group	2020	%Share	2021	%Share
Sworn Bank Auditors	106	100.0	102	100.0
Over 20 years	10	9.4	14	13.7
10-19 years	24	22.6	21	20.6
4-9 years	22	20.8	26	25.5
1-3 years	50	47.2	41	40.2
Banking Specialists	251	100.0	235	100.0
Over 20 years	26	10.4	48	20.6
10-19 years	89	35.5	63	26.6
4-9 years	38	15.1	38	18.0
1-3 years	98	39.0	81	34.8
BRSA Specialists	12	100.0	11	100.0
4-9 years	4	33.3	5	45.5
1-3 years	8	66.7	6	54.5
Total Professionals	369	100.0	348	100.0
Over 20 years	36	9.8	62	17.9
10-19 years	113	30.6	84	24.1
4-9 years	64	17.3	74	21.2
1-3 years	156	42.3	128	36.8

As of the end of 2021, 67% of the staff members are 40 years old or younger and the largest age group is 31 to 40 with 36%.

Table 21: Distribution of Personnel by Age

Age Group	2020		2021	
	Number	Share %	Number	Share %
Up to 30 years	183	31.0	177	31.1
31 to 40 years	211	35.8	205	36.0
41 to 50 years	140	23.7	136	23.9
51 and over	56	9.5	52	9.1
Total	590	100.0	570	100.0

As of the end of 2021, 82% of 570 Agency staff members have a bachelor's degree or higher and 27% have a post-graduate and PHD degrees.

Table 22: Number of Personnel by Education Level

Group	PhD		Post Graduate		Bachelor		Other	
	2020	2021	2020	2021	2020	2021	2020	2021
Manager	1	2	14	16	9	7	-	-
Advisor	3	3	4	6	7	5	-	-
Professional Personnel	12	10	103	107	254	231	-	-
Administrative Personnel	-	-	7	8	41	43	24	21
Permanent Worker	-	-	-	1	29	30	82	80
Total	16	15	128	138	340	316	106	101
Share %	3	3	22	24	57	55	18	18

A significant share of the staff members with a bachelor's degree are graduated from departments of economics and business administration.

Table 23: Distribution of Personnel by Fields of Degree

Majors	2020	2021
	Number of Personnel	Number of Sayısı
Economics and Administrative Sciences	320	316
Law	41	37
Engineering-Architecture	63	61
Mathematics-Statistics	35	36
Other	131	120
Total	590	570



11.1.2. Improvement of Human Resources

With the goal of improvement of available human resources; Participation opportunities are provided for staff members to in-service training, domestic and overseas courses, seminars and similar training activities to help them improve themselves, increase their skills and knowledge in their areas of expertise, monitor their professional development and gain up-to-date knowledge.

In 2021, the number of participants to local and international trainings increased by 265,05% and the number of training days decreased by 19.09% with respect to the previous year.

Table 24. Domestic and Overseas Training Activities

Change compared to previous year (%)	2020		2021	
	2020	2021	2020	2021
Number of Attendees	289	1.055	-79.4	265.1
Number of Days	2.807	2.271	3.7	-19.1
Number of Days per Attendee	9.7	2.1	403.1	-78.4

The top three trainings in terms of the number of days were banking, IT and finance. The number of attendees and days of training were 1.046 attendees and 2.213 days, which is 2,11 days of training per trainee. During this period 266 participants have taken 867 days of training in banking field, 133 participants have taken 239 days of training in finance field and 113 participants have taken 155 days of training in personal development field.

Table 25: Training Activities by Subject

Subjects	Number of Attendees		Number of Days	
	2020	2021	2020	2021
Banking	54	266	54	867
Finance	4	133	36	239
Personal Development	53	113	53	155
Basic Training	78	0	2340	0
IT	39	309	93	596
Accounting	31	39	155	54
Law	7	39	8	110
Risk	0	30	0	42
Ethics	0	37	0	37
Audit	0	6	0	21
Other	23	74	68	92
Total	289	1.046	2.807	2.213

The Agency personnel attends overseas seminars and meetings organized by international institutions and foreign banking authorities on general banking, economy, law, accounting, risk management, IT and similar professional fields. IMF meetings participated in 2021 ranked in the top position.

Table 26: Distribution of Overseas Training activities by Organizing Institutions

Organizations	Number of Days		Share %	
	2020	2021	2020	2021
BCBS	2	0	2,4	0
IFSB	0	4	0	6,9
IMF-JVI	70	54	84,3	93,1
Other	11	0	13,3	0
Total	83	58	100,0	100,0

Personnel was not sent for overseas post-graduate training in 2021. However, 7 professional employees took language courses in Türkiye to improve the level of foreign language skills.

Table 27: Number of Personnel Sent Abroad for Higher Education

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Personnel	19	14	9	8	1	5	2	0	0	0

In 2021, overseas education costs did not change compared to the previous year, and no expenses were made for education abroad expenses. Domestic and international course expenses increased by 37.3% compared to the previous year and reached 217,000 TL. In 2021, total education expenses increased by 37.3% compared to the previous year and rose to 217,000 TL, while the share of education expenses in total expenses did not change compared to the previous year and remained constant at the rate of 0.1.

Table 28: Training Costs

(TL Thousand)	2014	2015	2016	2017	2018	2019	2020	2021
Cost of Overseas Education (*)	4,476	4,254	2,137	1,677	1,654	528	0	0
Domestic and Overseas Course Costs	303	201	66	216	186	247	158	217
Sum of Training Costs	4,779	4,455	2,203	1,893	1,840	775	158	217
Share in Total Costs (%)	4.7	4.2	2.0	2.0	1.5	0.7	0.1	0.1

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

11.2. Information Resources

Electronic Information Sources

The Agency's library is a specialized library established to provide local and foreign information resources in printed and electronic media related to the financial sector, to organize them in accordance with the contemporary librarianship approach and to present them to the users.

Today, in parallel with the development and change of information and communication technologies and the rapid and easy access to current information, the library services of the Agency are provided in digital environment only through electronic information resources as of 2016. In this context; In 2021, 10 local and foreign database subscriptions on economy, banking, law, statistics and news were made. In addition, an online training on digital research resources and literature search was organized and various new databases were made available to the Agency staff for trial use throughout the year.

Journal of BRSA Banking and Financial Markets

The Agency publishes the Journal of BRSA Banking and Financial Markets, a peer-reviewed journal published twice a year, which includes original articles written in Turkish or English about the financial sector to contribute to the literature, and supports and aims to accelerate the scientific studies that will contribute to the development of the Turkish financial sector. With the publication of the journal, it is aimed to contribute to the efficient operation of the financial sector by increasing the communication and information sharing between academics, professionals, researchers and policy makers. 11 original articles were shared with the users through the website as part of the two new issues of the Journal of BRSA Banking and Financial Markets published in 2021.

11.3. Financial Resources

11.3.1. Budget Implementation Results

Article 17 of Public Finance Management and Control Law 5018 stipulates that the regulating and supervision agencies prepare their budgets with a 3-year budget approach, strategic plans and performance objectives as well as corporate, functional and economic classification system. The Agency's 2021 Budget prepared in line with this Law and confirmed by the Board Decision 9167 dated 24/09/2020. It was confirmed by TGNA and made effective with "2021 Central Management Budget Law" No. 7258 issued in the duplicate Official Gazette No. 31351 dated 31/12/2020.

Within the scope of this budget, total budget revenues were estimated as TL 924 million and actualized as TL 923 million. The revenues are distributed as participation share income collected from banks and other audited institutions with 99%.

Table 29: Income Budget and Realizations

(TL Thousand)	Budget		Realization		Difference (Actual-Budget)	
	2020	2021	2020	2021	2020	2021
Participation Share Income	800,996	923,249	800,958	922,150	-38	-1,099
Other Income	504	751	2.377	837	1,873	86
-Interest Income	110	111	4	1	-106	-110
-Other Various Income	394	640	2.373	836	1,979	196
Total	801,500	924,000	803,335	922,987	1,835	-1,013

On the other hand, TL 923 million portion of the budget realized revenue of TL 300 million was spent in 2021. The highest expenditure items among the total expenditures have been current transfers totaling to TL 143 million and personnel expenses totaling to TL 103 million. In this sense, among total expenditures

- 48% current transfers
- 34% personnel expenses,
- 14% purchase of goods and services,
- 3% premiums paid to Social Security Institutions for the personnel,
- 1% capital expenses are included.

Table 30: Budget and Expenditure realization

(TL-Thousand)	Starting Allowance		Expenditures		Remaining	
	2020	2021	2020	2021	2020	2021
Personnel Costs	274,386	301,680	89,553	103,474	184,833	198,206
SGK Premium Payments	43,440	50,350	8,348	9,718	35,092	40,632
Purchase of Goods and Services	52,704	72,080	35,944	41,109	16,760	30,971
Current Transfers	84,230	130,520	197,339	142,723	-113,109	-12,203
Capital Costs	346,740	369,370	5,888	3,122	340,852	366,248
Total	801,500	924,000	337,072	300,146	464,428	623,854

11.3.2. Financial Statements

As of the end of 2021, the balance sheet sum of the Agency grew by approximately 31,1% and reached to TL 2.054 million when compared to the previous year. The largest share among the assets is the Corporate Receivables under the Single Treasury Corporate Account, with TL 1,875 million and the second largest item is fixed assets with TL 175 million. On the liabilities side, short-term liabilities are the biggest item with TL 1.257 million.

Table 31: Summary Balance Sheet

(TL Thousand)	2020	2021
Assets		
1 Current Assets	1,392,251	1,879,448
10 Liquid Assets	25	3
12 Receivables from Operations	352	352
13 Agency's Receivables	1,385,827	1,874,587
14 Other Receivables	732	597
15 Inventories	519	452
16 Prepayments	4,795	3,458
18 Short-term Prepaid Expenses and Accrued Income	1	0
2 Fixed Assets	174,232	174,579
Total Assets	1,566,483	2,054,027
Liabilities		
3 Short term liabilities	926,220	1,257,135
33 Deposit Foreign Assets	315	1,277
36 Other Liabilities	3,755	4,425
38 Short Term Prepaid Income and Accrued Expenses	922,150	1,251,434
4 Long Term Liabilities	2,581	3,365
47 Provisions for Debts and Expenses	2,581	3,365
5 Equity	637,682	793,527
50 Net Value	171,319	171,409
59 Period Operating Results	466,363	622,118
Total Liabilities	1,566,483	2,054,027

As per Article 101 of the Banking Law, the excess revenues of the Agency are transferred to the general budget as income in March. The 2021 excess revenues were transferred to the budget as TL 622.1 million

Table 32: Transfers to General Budget

	2019	2020	2021	Total (2003-2021)
TL million (current prices)	411.1	466.3	622.1	3,254.6
TL million (January 2022 prices) *	702.8	693.3	622.1	7,757.4
Million USD (**)	64.6	61.9	46.2	862.7

* The transfer amounts are indicated in January 2022 prices as calculated using the Consumer Price Index (2003=100)

** Calculated based on the CBRT foreign exchange buying rate as of mid-January when transfers were made

11.3.3. Financial Audit of the Agency

Law No. 5018 is applicable to the external audit of the Agency as per Article 101 of Banking Law. In this sense, post expenditure external audit of the Agency is performed by the Supreme Court of Public Accounts.

ANNEXES

ANNEX 1: INSTITUTIONS WITHIN THE AREA OF AUTHORIZATION OF THE AGENCY *

NO	TYPE OF ESTABLISHMENT /NAME
BANKS	
1	ADABANK A.Ş.
2	AKBANK T . A.Ş.
3	AKTİF YATIRIM BANKASI A.Ş.
4	ALBARAKA TÜRK KATILIM BANKASI A.Ş.
5	ALTERNATİF BANK A.Ş.
6	ANADOLUBANK A.Ş.
7	ARAP TÜRK BANKASI A.Ş.
8	BANK MELLAT
9	BANK OF AMERICA YATIRIM BANK A.Ş.
10	BANK OF CHINA TURKEY A.Ş.
11	BANKPOZİTİF KREDİ VE KALKINMA BANKASI A.Ş.
12	BİRLEŞİK FON BANKASI A.Ş.
13	BURGAN BANK A.Ş.
14	CITIBANK A.Ş.
15	D YATIRIM BANKASI A.Ş.
16	DENİZBANK A.Ş.
17	DEUTSCHE BANK A.Ş.
18	DESTEK YATIRIM BANKASI A.Ş.
19	DİLER YATIRIM BANKASI A.Ş.
20	FİBABANKA A.Ş.
21	GOLDEN GLOBAL YATIRIM BANKASI A.Ş.
22	GSD YATIRIM BANKASI A.Ş.
23	HABİB BANK LİMİTED
24	HSBC BANK A.Ş.
25	ICBC TURKEY BANK A.Ş.
26	ING BANK A.Ş.
27	INTESA SANPAOLO S.P.A.
28	İLLER BANKASI A.Ş.
29	İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
30	JP MORGAN CHASE BANK NATIONAL ASSOCIATION
31	KUVEYT TÜRK KATILIM BANKASI A.Ş.
32	MUFG BANK TURKEY A.Ş.

33	NUROL YATIRIM BANKASI A.Ş.
34	ODEA BANK A.Ş.
35	PASHA YATIRIM BANKASI A.Ş.
36	QNB FİNANSBANK A.Ş.
37	RABOBANK A.Ş.
38	SOCIETE GENERALE S.A.
39	STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
40	ŞEKERBANK T . A.Ş.
41	T.C. ZİRAAT BANKASI A.Ş.
42	TURKISH BANK A.Ş.
43	TURKLAND BANK A.Ş.
44	TÜRK EKONOMİ BANKASI A.Ş.
45	TÜRKİYE EMLAK KATILIM BANKASI A.Ş.
46	TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
47	TÜRKİYE GARANTİ BANKASI A.Ş.
48	TÜRKİYE HALK BANKASI A.Ş.
49	TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
50	TÜRKİYE İŞ BANKASI A.Ş.
51	TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
52	TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
53	TÜRKİYE VAKIFLAR BANKASI T.A.O.
54	VAKIF KATILIM BANKASI A.Ş.
55	YAPI VE KREDİ BANKASI A.Ş.
56	ZİRAAT 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	BNP PARIBAS FİNANSAL KİRALAMA A.Ş.
7	BURGAN FİNANSAL KİRALAMA A.Ş.
8	DE LAGE LANDEN FİNANSAL KİRALAMA A.Ş.

9	DENİZ FİNANSAL KİRALAMA A.Ş.
10	GARANTİ FİNANSAL KİRALAMA A.Ş.
11	HALK FİNANSAL KİRALAMA A.Ş.
12	ING FİNANSAL KİRALAMA A.Ş.
13	İŞ FİNANSAL KİRALAMA A.Ş.
14	MERCEDES-BENZ FİNANSAL KİRALAMA TÜRK A.Ş.
15	PERVİN FİNANSAL KİRALAMA A.Ş.
16	QNB FİNANS FİNANSAL KİRALAMA A.Ş.
17	SIEMENS FİNANSAL KİRALAMA A.Ş.
18	ŞEKER FİNANSAL KİRALAMA A.Ş.
19	VAKIF FİNANSAL KİRALAMA A.Ş.
20	VFS FİNANSAL KİRALAMA A.Ş.
21	YAPI KREDİ FİNANSAL KİRALAMA A.Ş.
22	YATIRIM FİNANSAL KİRALAMA A.Ş.

FACTORING COMPANIES

1	ABC FAKTORİNG A.Ş.
2	ACAR FACTORİNG A.Ş.
3	AK FAKTORİNG A.Ş.
4	AKDENİZ FAKTORİNG A.Ş.
5	AKIN FAKTORİNG A.Ş.
6	ANADOLU FAKTORİNG A.Ş.
7	ARENA FAKTORİNG A.Ş.
8	ATILIM FAKTORİNG A.Ş.
9	BAŞER FAKTORİNG A.Ş.
10	BAYRAMOĞLU FAKTORİNG A.Ş.
11	BIEN FAKTORİNG A.Ş.
12	CREDITWEST FAKTORİNG A.Ş.
13	ÇAĞDAŞ FAKTORİNG A.Ş.
14	ÇÖZÜM FAKTORİNG A.Ş.
15	DENİZ FAKTORİNG A.Ş.
16	DESTEK FİNANS FAKTORİNG A.Ş.
17	DEVİR FAKTORİNG A.Ş.
18	DOĞA FAKTORİNG A.Ş.

19	DORUK FAKTORİNG A.Ş.
20	EKO FAKTORİNG A.Ş.
21	EKSPO FAKTORİNG HİZMETLERİ A.Ş.
22	FİBA FAKTORİNG A.Ş.
23	GARANTİ FAKTORİNG A.Ş.
24	GSD FAKTORİNG A.Ş.
25	HALK FAKTORİNG A.Ş.
26	HUZUR FAKTORİNG A.Ş.
27	İSTANBUL FAKTORİNG A.Ş.
28	İŞ FAKTORİNG FİNANSMAN A.Ş.
29	KAPİTAL FAKTORİNG A.Ş.
30	KENT FAKTORİNG A.Ş.
31	KREDİ FİNANS FAKTORİNG A.Ş.
32	LİDER FAKTORİNG A.Ş.
33	MERT FİNANS FAKTORİNG HİZMETLERİ A.Ş.
34	MNG FAKTORİNG A.Ş.
35	OPTİMA FAKTORİNG A.Ş.
36	PARAFİNANS FAKTORİNG A.Ş.
37	QNB FİNANS FAKTORİNG A.Ş.
38	SARDES FAKTORİNG A.Ş.
39	SÜMER FAKTORİNG A.Ş.
40	ŞEKER FAKTORİNG A.Ş.
41	ŞİRİNOĞLU FAKTORİNG A.Ş.
42	TAM FİNANS FAKTORİNG A.Ş.
43	TEB FAKTORİNG A.Ş.
44	TRADEWİND FAKTORİNG A.Ş.
45	TUNA FAKTORİNG A.Ş.
46	ULUSAL FAKTORİNG A.Ş.
47	VAKIF FAKTORİNG A.Ş.
48	VDF FAKTORİNG A.Ş.
49	YAPI KREDİ FAKTORİNG A.Ş.
50	YAŞAR FAKTORİNG A.Ş.
51	YEDİTEPE FAKTORİNG A.Ş.

52 ZORLU FAKTORİNG A.Ş.

FINANCING COMPANIES

1 ALJ FİNANSMAN A.Ş.

2 DORUK FİNANSMAN A.Ş.

3 EVKUR FİNANSMAN A.Ş.

4 HEMENAL FİNANSMAN A.Ş.

5 KOÇ FIAT KREDİ FİNANSMANI A.Ş.

6 KOÇ FİNANSMAN A.Ş.

7 MERCEDES BENZ FİNANSMAN TÜRK A.Ş.

8 MERCEDES BENZ KAMYON FİNANSMAN TÜRK A.Ş.

9 ORFİN FİNANSMAN A.Ş.

10 ŞEKER FİNANSMAN A.Ş.

11 TEB FİNANSMAN A.Ş.

12 TIRSAN FİNANSMAN A.Ş.

13 TOM FİNANSMAN A.Ş.

14 TÜRK FİNANSMAN A.Ş.

15 TÜRKCELL FİNANSMAN A.Ş.

16 VFS FİNANSMAN A.Ş.

17 VODAFONE FİNANSMAN A.Ş.

18 VOLKSWAGEN DOĞUŞ FİNANSMAN A.Ş.

INDEPENDENT AUDIT FIRMS

1 A-1 YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.

2 AKSİS BAĞIMSIZ DENETİM A.Ş.

3 AKTAN BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

4 ANIL YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.

5 ARTI DEĞER ULUSLARARASI BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

6 ATA ULUSLARARASI BAĞIMSIZ DENETİM VE SMMM A.Ş.

7 AVRASYA BAĞIMSIZ DENETİM VE YMM A.Ş.

8 BDO DENET BAĞIMSIZ DENETİM YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

9 BİRLEŞİK UZMANLAR YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.

10 CONSULTA BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

11 DENGE BAĞIMSIZ DENETİM SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

12 DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

13	ECOVIS DEĞER BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
14	ELİT BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
15	GÜNEY BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
16	GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
17	IHY BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
18	İRFAN BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
19	KPMG BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
20	KARDEN PARTNERS BAĞIMSIZ DENETİM VE SMMM A.Ş.
21	MBK BAĞIMSIZ DENETİM VE SMMM A.Ş.
22	MERCEK BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
23	MGI BAĞIMSIZ DENETİM SMMM A.Ş.
24	PWC BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
25	REHBER BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
26	SER&BERKER BAĞIMSIZ DENETİM A.Ş.
27	ULUSAL BAĞIMSIZ DENETİM VE YMM A.Ş.
28	YKY BAĞIMSIZ DENETİM VE YMM A.Ş.

REPRESENTATIVE OFFICE OF FOREIGN BANKS

1	AAREAL BANK
2	ABC INTERNATIONAL BANK PLC
3	ALUBAF ARAB INTERNATIONAL BANK BSC
4	BANCA MONTE DEI PASCHI DI SIENA S.P.A.
5	BANCO SABADELL S.A.
6	BANK AL HABIB LIMITED
7	BANK J. SAFRA SARASIN AG
8	BANK JULIUS BAER&CO
9	BANK OF BAHRAIN AND KUWAIT
10	BANQUE SYZ SA
11	CAIXABANK S.A.
12	COMMERZBANK A.G.
13	CREDIT EUROPE BANK NV
14	CREDIT INDUSTRIEL ET COMMERCIAL
15	DEG-DEUTSCHE INVESTITIONS-UND ENTWICKLUNGSGESELLSCHAFT MBH
16	DEMIR-HALK BANK (NEDERLAND) N.V.

17	DOHA BANK
18	DUBAI ISLAMIC BANK
19	DZ BANK A.G.
20	GARANTIBANK INTERNATIONAL
21	HUNGARIAN EXPORT-IMPORT BANK PLC
22	ING BANK N.V.
23	JSC BANK OF GEORGIA
24	KEB HANA BANK
25	KENTBANK D.D.
26	KFW IPEX-BANK GMBH
27	LANDESBANK BADEN-WÜRTTEMBERG
28	MIZUHO CORPORATE BANK LTD
29	NEAR EAST BANK LIMITED
30	NOMURA BANK INTERNATIONAL PLC
31	OJSC ORIENBANK
32	OYAK ANKER BANK GMBH
33	QINVEST LLC
34	RABOBANK INTERNATIONAL
35	SUMITOMO MITSUI BANKING CORPORATION
36	THE BANK OF NEW YORK MELLON
37	THE EXPORT IMPORT BANK OF KOREA
38	UBS A.G.
39	UNION BANCAIRE PRIVÉE, UBP SA
40	ZİRAAT BANK INTERNATIONAL AG

ASSET MANAGEMENT COMPANIES

1	ADILVARLIK YÖNETİM A.Ş.
2	ARMADA VARLIK YÖNETİM A.Ş.
3	ARSAN VARLIK YÖNETİM A.Ş.
4	BİRİKİM VARLIK YÖNETİM A.Ş.
5	BİRLEŞİM VARLIK YÖNETİM A.Ş.
6	BOĞAZIÇI VARLIK YÖNETİM A.Ş.
7	DENGE VARLIK YÖNETİM A.Ş.
8	DOĞRU VARLIK YÖNETİM A.Ş.

9	DÜNYA VARLIK YÖNETİM A.Ş.
10	DİRİKER VARLIK YÖNETİM A.Ş.
11	EFES VARLIK YÖNETİM A.Ş.
12	EMİR VARLIK YÖNETİM A.Ş.
13	GELECEK VARLIK YÖNETİM A.Ş.
14	HEDEF VARLIK YÖNETİM A.Ş.
15	İLKE VARLIK YÖNETİM A.Ş.
16	İSTANBUL VARLIK YÖNETİM A.Ş.
17	MEGA VARLIK YÖNETİM A.Ş.
18	MET-AY VARLIK YÖNETİM A.Ş.
19	ORTAK VARLIK YÖNETİM A.Ş.
20	SÜMER VARLIK YÖNETİM A.Ş.
21	TUNA VARLIK YÖNETİM A.Ş.
22	YUNUS VARLIK YÖNETİM A.Ş.

VALUATION COMPANIES

1	1A GRUP GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
2	24 TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
3	4A DANIŞMANLIK VE GAYRİMENKUL DEĞERLEME A.Ş.
4	A GAYRİMENKUL DEĞERLEME A.Ş.
5	ABAK GAYRİMENKUL DEĞERLEME VE MÜŞAVİRLİK A.Ş.
6	ACAR TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
7	ACE GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
8	AÇI KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
9	ADA TAŞINMAZ DEĞERLEME DANIŞMANLIK A.Ş.
10	ADEN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
11	ADIM GAYRİMENKUL DEĞERLEME A.Ş.
12	ADİL TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
13	AGD ANADOLU GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
14	AKADEMİ GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
15	AKTİF GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
16	ALAN TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
17	ALESTA KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
18	ALFA ANADOLU TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.

19	ANAYAPI GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
20	ANKA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
21	ANREVA KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
22	ARCHİ DANIŞMANLIK VE GAYRİMENKUL DEĞERLEME A.Ş.
23	AREA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
24	ARGE GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
25	ARI GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
26	ARIKAN TAŞINMAZ DEĞERLEME A.Ş.
27	ARMA TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
28	ARTI GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
29	ARVES GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
30	ASAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
31	ATAK GAYRİMENKUL DEĞERLEME A.Ş.
32	ATLANTİS TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
33	ATLAS GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
34	AVRUPA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
35	BAŞKENT TAŞINMAZ DEĞERLEME A.Ş.
36	BİLGE GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
37	BİLGİ GAYRİMENKUL DEĞERLEME A.Ş.
38	CLS KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
39	ÇELEN KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
40	ÇINAR TAŞINMAZ DEĞERLEME VE MÜŞAVİRLİK A.Ş.
41	ÇİZGİ GAYRİMENKUL DEĞERLEME A.Ş.
42	D TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
43	DEGA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
44	DEĞER GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
45	DEMİR GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
46	DENGE GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
47	DETAY TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
48	DİZAYN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
49	DONATI GAYRİMENKUL DEĞERLEME A.Ş.
50	DORA GAYRİMENKUL DEĞERLEME A.Ş.
51	DÖNÜŞÜM GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.

52	DÜNYA GRUP GAYRİMENKUL DEĞERLEME DANIŞMANLIK A.Ş.
53	DÜZEY GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
54	EGE TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
55	EKİP TAŞINMAZ DEĞERLEME A.Ş.
56	EKOL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
57	EKSEN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
58	EKSPER GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
59	EKSPERTUR GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
60	ELİT GAYRİMENKUL DEĞERLEME A.Ş.
61	ELMA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
62	EMEK TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
63	EMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
64	EPOS GAYRİMENKUL DANIŞMANLIK VE DEĞERLEME A.Ş.
65	ETİK GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
66	ETKİN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
67	EVA GAYRİMENKUL DEĞERLEME DANIŞMANLIK A.Ş.
68	FOCUS GLOBAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
69	FOREKS GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
70	FORM GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
71	GALATA TAŞINMAZ DEĞERLEME VE DANIŞMANLIK HİZMETLERİ A.Ş.
72	GEDAŞ GAYRİMENKUL DEĞERLEME A.Ş.
73	GERÇEK GAYRİMENKUL DEĞERLEME A.Ş.
74	GİRİŞİM GAYRİMENKUL DEĞERLEME A.Ş.
75	GOLD GAYRİMENKUL DEĞERLEME EKSPERTİZ VE DANIŞMANLIK A.Ş.
76	GORDİON TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
77	HARMONİ GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
78	İDEAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
79	İLKE GAYRİMENKUL DEĞERLEME A.Ş.
80	İTERNORM GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
81	İNVEST GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
82	İSTANBUL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
83	İSTEM GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
84	KALE TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.

85	KALME KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
86	KARAT TAŞINMAZ DEĞERLEME A.Ş.
87	KARE GAYRİMENKUL DEĞERLEME A.Ş.
88	KARŞIYAKA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
89	KENT KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
90	KFB GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
91	KOZA GAYRİMENKUL DEĞERLEME A.Ş.
92	KUZEY KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
93	LAL GAYRİMENKUL DEĞERLEME VE MÜŞAVİRLİK A.Ş.
94	LİDER GAYRİMENKUL DEĞERLEME A.Ş.
95	LİMAN TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
96	LİMİT GAYRİMENKUL DEĞERLEME HİZMETLERİ A.Ş.
97	LODOS GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
98	LOTUS GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
99	MAKRO GAYRİMENKUL DEĞERLEME A.Ş.
100	MARKA KURUMSAL GAYRİMENKUL DEĞERLEME DANIŞMANLIK A.Ş.
101	MAVİ GAYRİMENKUL DEĞERLEME A.Ş.
102	MAY GAYRİMENKUL DEĞERLEME A.Ş.
103	METAS GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
104	METRİK GAYRİMENKUL DEĞERLEME DANIŞMANLIK A.Ş.
105	METROPOL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
106	MÜLK KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
107	NET KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
108	NOKTA TAŞINMAZ DEĞERLEME A.Ş.
109	NOVA TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
110	ODE GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
111	ÖZEN TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
112	ÖZTÜRK GAYRİMENKUL DEĞERLEME A.Ş.
113	PİRAMİT GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
114	PLATFORM GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
115	PRİM E GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
116	RASYONEL GRUP TAŞINMAZ DEĞERLEME A.Ş.
117	REEL GAYRİMENKUL DEĞERLEME A.Ş.

118	REFERANS GRUP GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
119	REHBER GAYRİMENKUL DEĞERLEME DANIŞMANLIK A.Ş.
120	RM RİTİM GAYRİMENKUL DEĞERLEME A.Ş.
121	ROTA TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
122	SEAK GAYRİMENKUL DEĞERLEME A.Ş.
123	SENTEZ GAYRİMENKUL DEĞERLEME A.Ş.
124	SMART KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK HİZMETLERİ A.Ş.
125	SOM KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK HİZMETLERİ TİCARET A.Ş.
126	SÜMER GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
127	TADEM TAŞINMAZ DEĞERLEME MÜŞAVİRLİK A.Ş.
128	TAKSİM KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
129	TALYA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
130	TEKNİK GAYRİMENKUL DEĞERLEME A.Ş.
131	TEPE TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
132	TER RA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
133	TOTAL KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
134	TSKB GAYRİMENKUL DEĞERLEME A.Ş.
135	TUVEO KURUMSAL GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
136	ULUSAL GAYRİMENKUL DEĞERLEME A.Ş.
137	UZMAN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
138	VAKIF GAYRİMENKUL DEĞERLEME A.Ş.
139	VARLIK TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
140	VERA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
141	VİZYON TAŞINMAZ DEĞERLEME VE DANIŞMANLIK A.Ş.
142	YATIRIM GAYRİMENKUL DEĞERLEME A.Ş.
143	YEDİTEPE GRUP GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
144	YETKİN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
145	ZEUGMA GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.
146	ZİRVE GAYRİMENKUL DEĞERLEME A.Ş.

ASSOCIATIONS AND OTHER ORGANIZATIONS

1	FİNANSAL KURUMLAR BİRLİĞİ
2	TÜRKİYE BANKALAR BİRLİĞİ
3	TÜRKİYE KATILIM BANKALARI BİRLİĞİ

ORGANIZATIONS GIVEN PERMIT TO OPERATE WITHIN THE SCOPE OF BANK CARDS AND CREDIT CARDS LAW, NO.5464

1	BANKALARARASI KART MERKEZİ A.Ş.
2	KKB KREDİ KAYIT BÜROSU A.Ş.
3	POSTA VE TELGRAF TEŞKİLATI A.Ş.
4	TÜRK ELEKTRONİK PARA A.Ş.

RATING AGENCIES (COMPANIES)

1	JCR AVRASYA DERECELENDİRME HİZMETLERİ A.Ş.
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** List of organizations is updated and sorted alphabetically on the basis of their fields of operation by 15.03.2022*

