

# Hergüner

## Quarterly

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## Banking & Finance Bulletin



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# A Recent Sectoral Developments



## September 2024 Banking Sector Data Released

As of September 2024, the total assets of the Turkish banking sector reached 30.5 trillion TL, marking an increase of 29.6%. Loans and securities amounted to 15 trillion TL and 4.9 trillion TL, respectively, while the sector's net profit for the period was recorded at 460.4 billion TL.

## 2024 Mid-Year MKK Indices and Financial Ratios Released

The Central Securities Depository and Trade Repository of Turkish capital markets ("MKK") has published the Profit and Revenue Indices and financial ratios for the second quarter of 2024. During the six-month period, the Profit Index increased by 14.74% year-on-year, while the Revenue Index rose by 88.74%.



## Technical Guidelines and MKS Reporting Updates for ÜPAK Transactions by TÜRİB

The Turkish Product Specialized Exchange has published drafts of the Central Registration System (“MKS”) principles and report formats as part of the transition of the Electronic Warehouse Receipt Market to an intermediary system. Additionally, the Technical Guide for ÜPAK-SPAK REST Services has been shared, and updated information on MKS report formats has been announced.

## TBA President Meets with International Stakeholders in the U.S.

The President of the Banks Association of Türkiye (“TBA”), Alpaslan Çakar, assessed Türkiye’s economic performance, sustainability, the impact of technology on the financial sector, and investors’ interest in Türkiye during the International Monetary Fund (IMF) and World Bank meetings in Washington.

## MARS Secures EUR 2.65 Million in Investment

The fintech startup MARS has announced that it secured EUR 2.65 million in seed funding and aims to expand into international markets while reaching 1 million users with its financial services.

## Energy Markets Members’ Currency Exchange Facility

A new infrastructure has been introduced for Energy Market participants to facilitate foreign currency buying and selling transactions in exchange for Turkish Lira, allowing same-day value date execution within specified limits.

## Exemption Introduced to TL Payment Obligation in Medical Device Contracts

With the amendment to the Communiqué on the Decree No. 32 on the Protection of the Value of Turkish Currency, the medical device sector was exempted from the obligation to pay in TL. Notified bodies in Türkiye will be able to conclude their service contracts with manufacturers and employment contracts with persons in Türkiye in foreign currency or indexed to foreign currency within the scope of the relevant regulations.

## Constitutional Court Annuls Treasury’s Authority on Fee Setting Amid 2025 Updates

FX company application fees for 2025 were updated with a 43.93% revaluation rate, while the Constitutional Court annulled the authority of the Ministry of Treasury and Finance of the Republic of Türkiye (“Treasury”) to set these fees, citing the principle of legality of taxes and property rights. The decision will take effect on July 22, 2025.

## **Enerjisa Üretim Secures USD 1 Billion Loan**

Enerjisa Üretim signed a USD 1.012 billion loan agreement to finance wind power plant projects in Çanakkale, Aydın and Balıkesir within the scope of YEKA-2, for which Euler Hermes also provided export credit guarantee.

## **ADQ to Acquire 96% Stake in Odeabank**

Abu Dhabi-based investment company ADQ has reached an agreement with a consortium of shareholders led by Bank Audi to acquire a 96% stake in Odeabank. The transaction involves the transfer of shares of Bank Audi (76.419%), European Bank for Restruction and Development (EBRD) (8.009%), International Finance Corporation (IFC) (6.362%), IFC FIG Investment Company S.a.r.l. (3.426%) and Mohammad Hassan Zeidan (1.780%).

## **QNB Türkiye Issues USD 125 Million in Green and Blue Bonds**

In partnership with IFC and EBRD, QNB Türkiye has issued a total of USD 125 million in green (USD 100 million) and blue (USD 25 million) bonds.

## **Akbank Secures USD 1 Billion+ in Sustainable Syndicated Loan**

Akbank has obtained a sustainable syndicated loan consisting of four tranches: USD 272.7 million and EUR 254.1 million with a 367-day maturity, and USD 159.5 million and EUR 43.5 million with a 734-day maturity.



## Regulation on Audit Firm Rotation Comes into Effect

The Public Oversight Authority (“**KGK**”) issued guidelines on audit rotation rules for companies receiving audit services over a specified period; the regulation took effect on December 20, 2024.

## IFRS 18 Introduced with Enhanced Reporting Framework, Set to Replace IAS 1 in Türkiye

The International Accounting Standards Board has introduced IFRS 18, a new standard for financial statement presentation, set to replace IAS 1. In Türkiye, it will be implemented as TFRS 18 starting January 1, 2027. The standard introduces updated classifications for income and expenses, the inclusion of subtotals, enhanced disclosures on performance metrics, and comprehensive guidance for financial statement structuring.

## KGK Mandates Disclosure of Net Monetary Position Gains (Losses)

The Public Oversight Authority’s decision on October 26, 2024, requires inflation-adjusted financial statements to include footnote disclosures for “Net Monetary Position Gains/Losses” following specified methods.

## Draft Participation Finance Accounting Standards Released for Public Consultation

Draft texts for KFMS 42 (Presentation and Disclosure in Financial Statements of Participation Takaful Institutions) and KFMS 43 (Participation Takaful: Accounting and Measurement) have been released for public consultation under the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Participation Finance Accounting Standards.

## S&P Upgrades Türkiye’s Credit Rating to BB

S&P has raised Türkiye’s credit rating by one notch, from B+ to BB-. With this upgrade, Türkiye’s credit rating has shifted from “Highly Speculative” to “Speculative,” marking a return to the BB- level last seen in August 2018.





## **Istanbul-Based AI Marketing Platform Insider Secures \$500M in Series E Funding**

Founded in Istanbul in 2012, the AI-powered global marketing technology platform Insider has raised USD 500 million in a Series E funding round led by General Atlantic and other investors.

## **Şekerbank Secures \$160M Syndicated Loan**

Şekerbank secured a syndicated loan of USD 160 million with a maturity of 5 years for social and environmental projects with the participation of 6 international financial institutions led by the Dutch Development Bank (FMO).

## **Çimsa Secures USD 70 Million Green Loan**

Çimsa has obtained a USD 70 million green loan from the IFC to support its sustainability projects in Afyon, Eskişehir, and Mersin.

## **Yapı Kredi Secures USD 1.05 Billion Sustainability-Themed Syndicated Loan**

Yapı Kredi has signed a USD 1.05 billion sustainability-themed syndicated loan agreement with a 367-day maturity. The transaction consists of two tranches: USD 605.4 million and EUR 410.1 million.

## **DenizBank Renews Murabaha Syndication at USD 340 Million**

DenizBank has renewed its murabaha syndication loan at USD 340 million, achieving 165% oversubscription and won two awards in the “Islamic Syndication of the Year” category at the “Global Banking & Markets: CEE, CIS & Türkiye Awards”.

## **Türk Eximbank Secures USD 796 Million Sustainability-Linked Syndicated Loan**

Türk Eximbank has obtained a USD 796 million sustainability-focused syndicated loan, comprising EUR 367.7 million, USD 297 million, and ¥700 million in tranches with maturities of 1-2 years, marking the largest syndicated loan in the bank’s history.



## TFRS 19 to Simplify Disclosure for Non-Public Subsidiaries

Effective January 1, 2027, TFRS 19 will introduce simplified disclosure requirements for subsidiaries of TFRS-compliant parent companies without public accountability, with early adoption permitted.

## VakıfBank Secures USD 870 Million Sustainability-Themed Syndicated Loan

VakıfBank has obtained a sustainability-themed syndicated loan totaling USD 870 million, comprising USD 518.5 million and EUR 331.4 million, with participation from 45 banks across 25 countries.

## DenizBank Signs USD 850 Million Syndicated Loan

DenizBank has signed a syndicated loan agreement comprising four tranches: USD 228 million and EUR 314,346,666.67 with a 367-day maturity, and USD 289.5 million and EUR 145 million with a 734-day maturity.

## AKLease Secures EUR 50 Million Green Financing

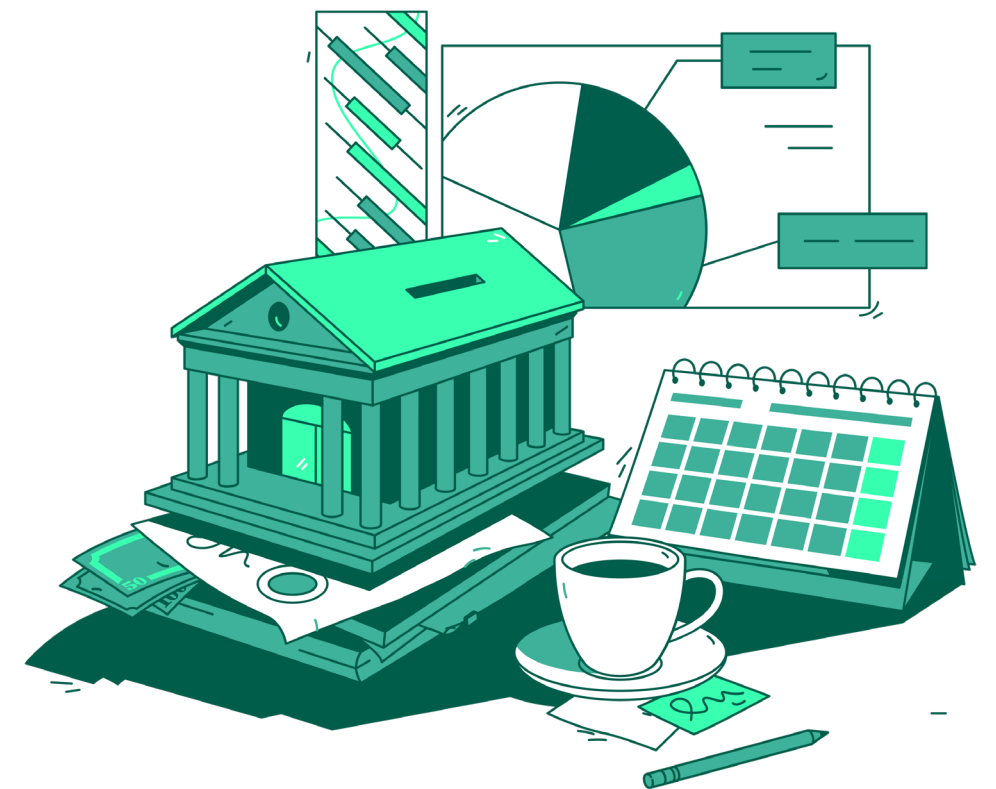
AKLease has signed a EUR 50 million green financing agreement with the EBRD to support energy efficiency and renewable energy investments. The loan has a four-year maturity.

## Turkish Eximbank Secures USD 45 Million Loan

Turkish Eximbank has signed a USD 45 million loan agreement with the Black Sea Trade and Development Bank (BSTDB) to support trade financing. The loan has a two-year maturity.

## Garanti BBVA Secured Two Tranches of Syndicated Loan

According to the statement made by the Bank to the Public Disclosure Platform, the Bank signed a syndicated loan agreement which will be used to finance foreign trade and sustainable projects and consists of two separate tranches amounting to USD 244 million and EUR 162.4 million with a maturity of 367 days on December 2, 2024.



## Communiqué Amending the General Communiqué on Tax Procedure Law

The obligation for consumers to make payments for the purchase of goods or services through banks and financial institutions was increased from 7 thousand liras to 30 thousand liras.

## Fees to be charged under Law No. 1567 on the Protection of the Value of Turkish Currency

According to the General Communiqué on Tax Procedure Law (Sequence No: 574) (in the context of Regulation on Fees under Law No. 1567 on the Protection of the Value of Turkish Currency), the revaluation rate for 2024, set at 43.93%, will be applied to various fees starting from 01/01/2025. The updated fees are as follows: precious metal intermediary institutions' operating permit fee is 28,786,000 TL, precious metal refineries' operating permit fee is 40,300,400 TL, the annual usage fee for the Precious Metals Intermediary Institutions Information System (KMAKBS) is 503,755 TL, and the KMAKBS system presentation fee is 14,393,000 TL.

## KGK Implements Amendments to BOBİ FRS on Crypto Assets

On December 19, 2024, the KGK enacted the amendments to the Financial Reporting Standards for Large and Medium-Sized Enterprises (BOBİ FRS), which were proposed for public consultation in March this year. The amendments address the measurement, presentation, and disclosure requirements for crypto assets in financial statements. The relevant KGK decision can be accessed [here](#) (only available in Turkish).

## Sustainability Reporting Exemptions Introduced for Non-Public Companies

Amendments to the Turkish Sustainability Reporting Standards (TSRS) on December 16, 2024, exempt non-public companies issuing debt securities or secure issuance limits from reporting and made reporting optional for two years for financial institutions with up to one branch or 250 employees.

## Operating Permit and License Developments for the Last Quarter of 2024

You can access the table we compiled concerning permits and other licensing developments regulated by the Banking Regulation and Supervision Agency ("BRSA"), the Capital Markets Board ("CMB"), and the Central Bank of the Republic of Türkiye ("CBRT") by visiting our website for the full extended version of this quarter's bulletin.

## Highlights of Debt Instruments Issued Abroad in the Last Quarter of 2024

You can access the table we prepared regarding current debt instruments issued abroad and relevant interest rates by visiting our website for the full extended version of this quarter's bulletin.

# B Fintech Sector



## MoU Signed with the National Bank of the Kyrgyz Republic on Fintech Cooperation

On November 5, 2024, a memorandum of understanding (MoU) was signed with the National Bank of the Kyrgyz Republic to enhance collaboration in the fintech sector.

## Türkiye's Fintech Ecosystem Attracts \$194 Million Investment

According to data released by the Republic of Türkiye Finance Office, 29 fintech companies received a total investment of \$194 million as of December 2024. Türkiye's fintech ecosystem, comprising 731 active startups, is primarily driven by the Payments, Banking Technologies, and Blockchain/Crypto Asset verticals.

## Local Fintech Sipay Acquires Hesapkurdu and Koalay

The fintech startup Sipay has expanded its product portfolio by acquiring Hesapkurdu and Koalay, which offer intermediary services for retail banking and insurance products, aiming to provide more comprehensive financial solutions to over 9 million additional customers.

## Garanti BBVA Launches New Fintech Brand, TAMI

Garanti BBVA's fintech brand TAMI launched in November, offering digital payment solutions, payment tracking, installment options with bank cards, and fast prepaid cards for SMEs, students, housewives, and families.

# C Capital Markets



## SPK and Borsa Istanbul Raise IPO and Listing Thresholds

On December 31, 2024, the CMB raised IPO thresholds in line with revaluation rates, while Turkish stock exchange, Borsa Istanbul (“BİST”), simultaneously updated listing requirements for the Star, Main, and Sub-Markets.

## Capital Gains Exemption for Mutual Funds Reduced

A Presidential Decree dated November 27, 2024, lowered the capital gains tax exemption for investment fund participation shares from 75% to 50% under Article 5 of the Corporate Tax Law.

## CMB Issues Reporting Guide for Stewardship Codes

The CMB published the “Responsible Management Principles Guide,” setting reporting standards for portfolio management companies on environmental, social, and governance (ESG) factors across five key principles.

## CMB Introduces New Regulations for Participation-Based Investment Funds

The CMB revised the Investment Fund Guide, enabling purification of non-compliant income in participation-based funds and introducing new regulations, including risk-based differentiation for participation funds, limits on foreign currency investments, and a 10% allocation of money market funds to government debt securities.

## Record Wave of Fines from CMB to Brokerage Firms

The CMB imposed administrative fines of 5,833,734 TL on 13 brokerage firms for facilitating prohibited short sales and 1,944,578 TL on 53 firms for breaching collateral requirements in Borsa Istanbul markets, as announced on October 3, 2024.

## CMB Blocks Access to Over 100 Global Crypto Exchanges

On December 11, 2024, the CMB decided to take the necessary legal actions to block access to more than 100 website addresses that were determined to be engaged in unauthorized crypto asset service provider activities via the internet for Turkish residents and leveraged transactions abroad.

## BİST Revises Rules for Order-to-Trade Ratio in High-Frequency Trading

BİST has amended the rules governing the calculation of the order-to-trade ratio used for charging order cancellation and modification activities by High-Frequency Trading (HFT) users. You can access the related announcement [here](#) (only available in Turkish).



## BİST Updates Minimum Price Steps in Derivatives Market

BİST has updated the minimum price steps in the Futures and Options Market (*known as VİOP*). The related announcement can be accessed [here](#). In a subsequent announcement, BİST postponed the effective date of these changes to December 2, 2024, to allow market participants sufficient time to complete necessary preparations. You can access the related announcement [here](#) (*only available in Turkish*).

## BİST Amends the Procedures for the Precious Metals and Precious Stones Market

BİST has announced the 10th revision to the procedures for the Precious Metals and Precious Stones Market. You can access the related announcement [here](#) (*only available in Turkish*).

## BİST Adds Vakıf Bank Eurobond to Sustainability Indexes

BİST included Vakıf Bank's 6-year, USD 500 million nominal eurobond in the BİST Sustainable Subordinated Bond Eurobond USD and USD (TL) Indexes.

## BİST to Launch Copper Futures Contracts in VİOP

BİST has announced the launch of Copper Futures Contracts in the VİOP on December 6, 2024. You can access the related announcement [here](#) (*only available in Turkish*).

## BİST Updates Market-Making Rules in VİOP

BİST has revised the market-making rules in the VİOP, defining market maker rights and obligations for equity futures contracts and updating maximum spread values for contracts under the program. You can access the related announcement [here](#) (*only available in Turkish*).

## BİST Raises Technology and Market Access Fees by 43%

BİST has increased technology service and market access fees charged to institutions and members by an average of 43%, effective from 2025. You can access the related announcement [here](#) (*only available in Turkish*).

## BİST to Launch Spot Silver, Platinum, and Palladium Indices

BİST has decided to begin calculating the BİST Spot Silver, BİST Spot Platinum, and BİST Spot Palladium Indices based on buy and sell quotations from international markets. You can access the related announcement [here](#) (*only available in Turkish*).



## BİST Extends Fee Waiver for ETF Transactions Until End-2025

BİST has announced that it will continue waiving order cancellation, quantity reduction, and price worsening fees for exchange-traded fund (ETF) transactions in the BİST Equity Market, a practice in place since 2017, until the end of 2025. You can access the related announcement [here](#) (*only available in Turkish*).

## CMB Ends Remote Order Acceptance Policy Introduced During COVID-19

The CMB announced on December 26, 2024, that the practice of accepting orders via mobile apps or personal email accounts for brokerage and portfolio management firms, introduced during the COVID-19 period, has been terminated.

## CMB Updates Revaluation Rates for 2025

The CMB announced in its bulletin dated December 31, 2024, that the amounts subject to revaluation in capital market regulations have been updated for 2025. You can access the updated amounts [here](#).

## Amendments to Trading Rules in ViOP

ViOP has introduced various changes to its trading rules, including updates to TLREF futures contracts, criteria for canceling erroneous trades, and price limits for inter-maturity strategy orders. These amendments will take effect on January 2, 2025. For detailed information, you can access the announcement [here](#) (*only available in Turkish*).

## Update on Contribution Amounts for Takasbank Guarantee Fund

The fixed contribution fee for Takasbank's Money Market Guarantee Fund will be increased from 10,000 TL to 100,000 TL as of 2025, aiming to strengthen default management resources, and any missing contribution fees must be deposited by January 2, 2025.

## Notification Regarding Investor Compensation Center Fee Declarations

The Investor Compensation Center requests that investment firms submit the total amount of their over-the-counter derivative transactions for 2024 and the corresponding membership fees to be paid, via the MEVİTAS system, by January 27, 2025, in order to determine the 2025 membership fees.

## Noalties Announced for the TEFAS

With the improvements made in Turkish Electronic Fund Trading Platform (“TEFAS”), minimum amount checks for forward-value funds and holiday definitions for foreign currency transactions have been automated, and parameter updates have been made in the reporting tools. Additionally, as of October 2024, the test environment has been made accessible, and web service documentation has been updated and made available to members.

## Updates on Capital Requirements for Banks’ Qualified Transactions

Takasbank updated its capital allocation data for Central Counterparty services as of September 30, 2024, reporting allocated capital at 393.7 million TL, the total guarantee fund at 2.9 million TL, and hypothetical capital requirements for over-the-counter derivatives at 12.67 million TL.

## Changes in Central Counterparty Risk Parameters

Takasbank has updated the risk parameters used in its central counterparty and collateral management services, announcing that these parameters will be effective as of January 2, 2025, and members will be able to track potential changes in their collateral obligations starting from the first risk calculation in January 2025.

## Transition from Pledge Agreements to Assignment Contracts

Takasbank has announced that, as of December 20, 2024, a transfer of receivables agreement will be used instead of a pledge agreement for collateral transfer in cash credit services, and members are required to prepare and submit the receivables agreements for both new and existing clients to the Loans Team by the specified date.

## Updates to KFS Business and Transaction Rules

With the amendments made to the Crowdfunding System (“KFS”) Business and Transaction Rules Directive, a “Name and Surname Update” field has been added for platform members to update their surname, and the “Platform Project-Based Balance Information Query Service” has been introduced to view net funding amount details for projects.

## New Regulations for the Preferred Repo Market

BİST has announced that with new regulations coming into effect on December 23, 2024, securities delivered in repo transactions within the Securities Preferred Repo Market will be held in the blocked sub-accounts of the counterparty conducting the reverse repo for the duration of the repo period, and the settlement and debt closure processes will be automated.

## Takasbank Updates on Cheque Clearing and Risk Management Rules

With the updates made to Takasbank's Check Clearing, Settlement, Reconciliation, and Risk Management System Rules, the previous limit of "not exceeding the Producer Price Index ("PPI") rate" for fee increases has been removed, and instead, a provision has been introduced stating that fees will be increased by the minimum PPI rate, considering market conditions.

## Takasbank Introduces Participation Finance Products for Collateral and Fund Management

Takasbank, the update made to its Check Clearing, Settlement, Reconciliation, and Risk Management System Rules removes the previous limit of "not exceeding the PPI rate" for fee increases and introduces a new provision stating that fees will be increased by the minimum PPI rate, considering market conditions.

## Changes to Reporting Method for Crowdfunding System

MKK has announced that, as of December 23, 2024, it will discontinue the sharing of reconciliation reports under the Crowdfunding System ("KFS") via SFTP, and these reports will only be accessible through the KFS platform.

## MASAK Introduces Compliance Rules for Crypto Asset Service Providers

Amendments to the Financial Crimes Investigation Board's ("MASAK") regulations introduced compliance program requirements, relationship approval, account opening obligations, and sender information mandates for transfers exceeding 15,000 TL for Crypto Asset Service Providers, along with enhanced identity verification obligations.

# D Banks and Other Financial Institutions



## Latest Developments on Reserve Requirements

The CBRT increased reserve requirement ratios for TL deposits, reduced KKM conversion targets and minimum interest rates, narrowed reserve requirement exemptions, and extended the duration of these regulations with decisions made in November and December 2024.

## BRSA Decision on Inflation Accounting

BRSA has announced that financial leasing, factoring, financing, savings financing, and asset management companies will not apply inflation accounting in 2025.

## Updated Terms for Mobile Phone Loans

BRSA has restructured the loan terms for mobile phone purchases. For phones priced below 20,000 TL, the term will be 12 months, and for those above 20,000 TL, the term will be 3 months. For refurbished phones, the term will be 12 months for those priced below 25,000 TL and 3 months for those above 25,000 TL.

## New Regulation on Risk Weight Applications in Capital Adequacy Calculations

BRSA eliminated high risk weights for commercial cash loans, reverting to standard risk weights under applicable regulations, and mandated the use of the CBRT's June 28, 2024 exchange rate for foreign currency credit risk calculations starting January 1, 2025.

## Banking Sector Risk Center Report Updates

The Risk Center of the TBA has made updates to the Risk Center Report and application conditions as of October 16, 2024. New data will be added under the "Current/Active Period" heading in the report, including Individual Credit Application Information, Delayed Phone and Internet Bill Information, Ban from Tender Information, and Check Ban Information.

## New Guide for Managing Climate Risks in the Banking Sector

The management of increasing climate risks due to global warming and climate change has become a priority for financial supervisory authorities. The guide from TBA presents a methodology for banks to create heat maps to measure and manage climate risks within their loan portfolios.



**For further information please contact:**

## Partners



## Senior Associates



## Contributors

Arkin Hacıoğlu, Akın Bel, Dilek Atılkan,  
Ali Can Eroğlu, Yasemin Kocaoğlu, Melis Arar

Piraye Kuranel Başol  
pkuranel@herguner.av.tr

Yeşim Api Şamlı  
yapi@herguner.av.tr

Büyükdere Caddesi 199 Levent 34394 İstanbul, Türkiye  
Telephone: +90 212 310 1800 Fax: (+90) 212 310 1899

<http://www.herguner.av.tr>

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