

Hergüner

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Banking & Finance Bulletin



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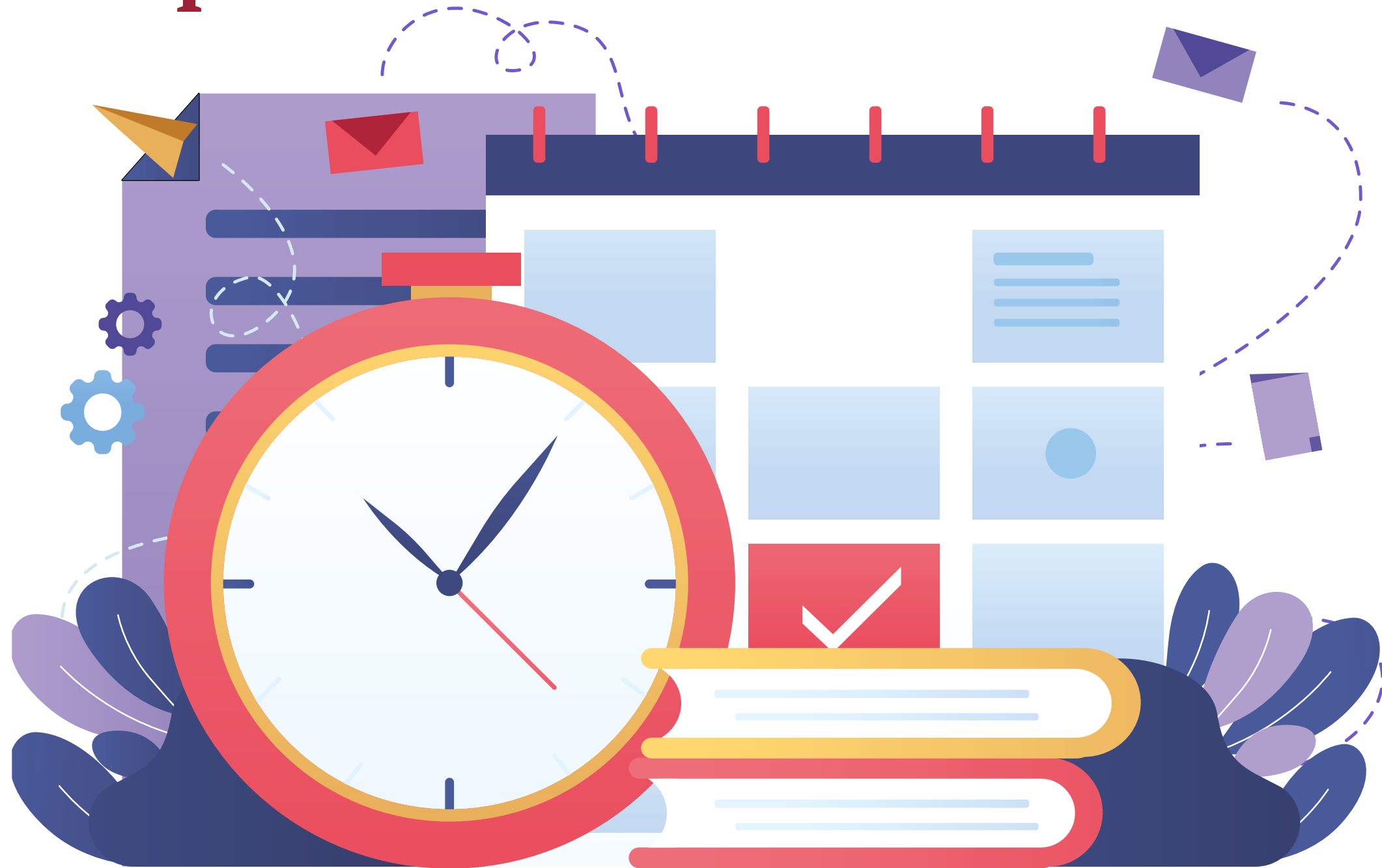
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A Recent Sectoral Developments



Strategic Investment Incentive Scheme Expanded

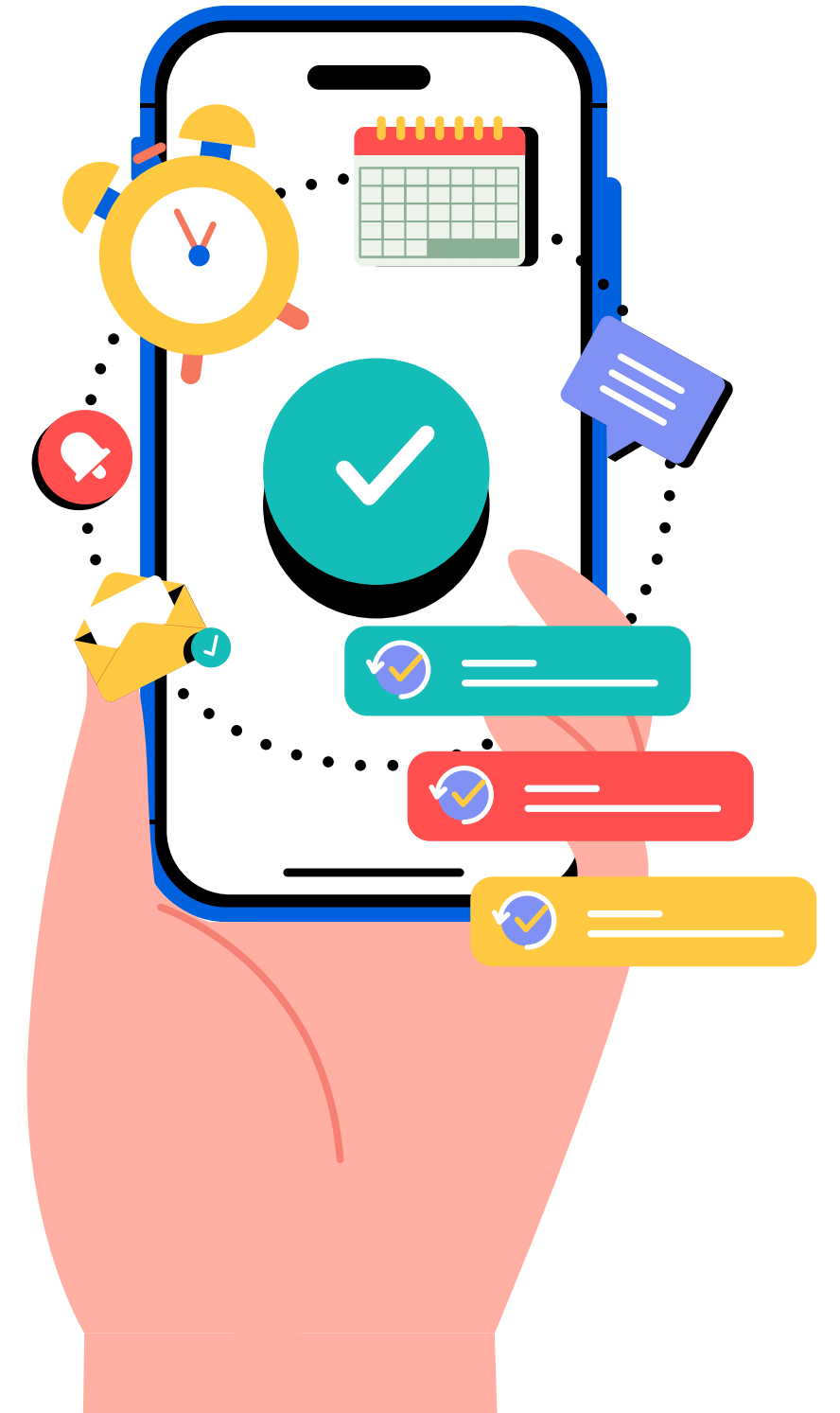
With Presidential Decree No. 9903, which entered into force in the second quarter of 2025 and was implemented through Communiqué numbered 2025/1, Türkiye's project-based investment incentive framework has been revised. The updated model, tailored to support high-tech and strategically significant production investments, is structured around three pillars: the "Century of Türkiye Development Initiative," the "Sectoral Incentive System," and "Regional Support Mechanisms."

Within the scope of the new scheme, investments contributing to key development objectives, such as enhancing domestic production capacity, employment generation, import substitution, and advancing green and digital transformation, will be eligible for support. Projects with a minimum fixed investment amount of TRY 100 million may benefit from a range of incentive instruments including customs duty exemption, VAT exemption, corporate tax reduction, interest/profit share support, and allocation of investment land. For projects exceeding TRY 5 billion, the scheme enables the conclusion of contracts

with the Ministry of Industry and Technology of the Republic of Türkiye, governed by private law and open to international arbitration.

As part of this decree, Decree No. 2012/3305 and Decree No. 2018/11201, which previously regulated the investment incentive regime, have been repealed. The new framework introduces streamlined and targeted application procedures for projects aimed at enhancing domestic value creation, including Renewable Energy Resource Zone (YEKA in Turkish) projects, data centers, and investments in technology and infrastructure. Applications for incentive certificates may be submitted until 31 December 2030.

The revised model also establishes tailored support structures for priority investments and target sectors, while offering additional regional incentives, such as employer and employee social security premium contributions, for investments located in lower-tier development regions.



External Financing Restriction for Public Institutions with Outstanding Debt

The Ministry of Treasury and Finance of the Republic of Türkiye (“**MoTF**”) has tightened the regulations governing external financing by public institutions in the absence of a sovereign guarantee. Under the new framework, public institutions, their affiliated entities, and state-majority-owned companies will be required to certify that they have no outstanding overdue liabilities to the MoTF, tax authorities, or the Social Security Institution (SGK *in Turkish*) when applying for external financing. Entities must submit the relevant documentation demonstrating compliance with these requirements to the MoTF within 20 business days from the date of their external financing application.

Amendment to the Capital Movements Circular

The MoTF updated the Capital Movements Circular through its letter dated 12 May 2025 and numbered 3955265. The amendments primarily reflect the changes introduced to Decree No. 32 on the Protection of the Value of the Turkish Currency, the cornerstone of Türkiye’s foreign exchange regime, which entered into force on 15 March 2025 and was covered in the previous edition of our bulletin. The updated circular incorporates provisions allowing foreign exchange or precious metal-denominated loans to be secured by guarantees in the same currency or precious metal, provided by the borrower’s group companies in Türkiye or its directly owned affiliates. In addition, Turkish residents are now permitted to obtain non-cash loans, guarantees, and sureties from abroad without the intermediation of banks. Furthermore, Turkish residents are now allowed to issue letters of guarantee and provide guarantees or sureties in favor of both domestic and foreign persons, addressed to foreign counterparties.

Procedural Clarity Introduced for Sustainability Assurance

Türkiye’s financial reporting authority, the Public Oversight Authority (“**KGK**”), has clarified the audit procedures applicable to companies subject to sustainability reporting obligations. In its announcement dated 25 June 2025, the KGK stated that sustainability assurance engagements must be carried out by sustainability auditors authorized by the KGK and that these auditors will be appointed using the same procedures as financial auditors. Furthermore, audited sustainability reports will be presented to the general assembly of shareholders alongside the financial statements and through the same channels. Under the new implementation, the appointment of auditors for sustainability reports pertaining to fiscal years 2024 and 2025 may be made by the board of directors, provided that such appointments are submitted for approval at the first ordinary general assembly. In addition, the submission of sustainability reports for the 2024 reporting period at the general assembly held in the following year has been permitted.

New Anti-Terrorism Financing Guidelines for FOBİM

As of 2025, the Financial Crimes Investigation Board (“MASAK”) has intensified its oversight of designated non-financial businesses and professions (“FOBİM”) operating in high-risk sectors such as precious metals, real estate, and vehicle trade. Entities falling within the scope of FOBİM are now subject to obligations including conducting customer due diligence, identifying the ultimate beneficial owner, reporting suspicious transactions, and record-keeping. Customer identification has been made mandatory for transactions exceeding TRY 185,000. In cases of non-compliance with these obligations, administrative fines and imprisonment penalties may be imposed.

Tüpraş Secures USD 500 Million Sustainability-Linked Syndicated Loan

In line with its 2035 Strategic Transformation Plan, Türkiye Petrol Rafinerileri Anonim Şirketi (“Tüpraş”) has secured a new syndicated loan facility amounting to USD 500 million. The five-year facility, structured with sustainability-linked terms, was coordinated by Bank of America Europe DAC and ING Bank N.V., with participation from seven international banks including MUFG Bank Ltd, First Abu Dhabi Bank PJSC, Emirates NBD Capital Limited, Société Générale, and Citibank.



Turkcell Secures USD 150 Million Interest-Free Financing from Gulf-Based Institutions

To support its infrastructure investments, Turkcell İletişim Hizmetleri Anonim Şirketi (“**Turkcell**”) has obtained USD 150 million in interest-free funding through a *murabaha* structure under an agreement signed with Dubai Islamic Bank.

World Bank to Provide USD 500 Million in Financing for Earthquake-Affected Region

The World Bank, in collaboration with the MoTF, has committed to provide USD 500 million in financing to support economic recovery and employment in 11 earthquake-affected provinces and 7 neighboring provinces. The funds will be channeled through the Development and Investment Bank of Türkiye (TKYB *in Turkish*).

Türkiye Issues USD 2 Billion Eurobond at 7.45% Yield

Türkiye has raised USD 2 billion through a new Eurobond issuance maturing in 2032. The bond was issued with a coupon rate of 7.25% and attracted over 2.5 times the demand from more than 140 investors, corresponding to a yield of 7.45%. The allocation breakdown was as follows: 38% to the United Kingdom, 30% to the United States, 15% to Türkiye, and the remainder to other European and global investors. As a result, the MoTF has brought the total international financing secured in 2025 to USD 4.5 billion.

CEB Grants EUR 1.8 Million to Enhance Istanbul’s Earthquake Resilience

The Council of Europe Development Bank (“**CEB**”) will provide a total grant of EUR 1.8 million to Türkiye in support of disaster preparedness efforts in Istanbul. Of the total amount, EUR 1.5 million will be allocated for technical assistance and training activities aimed at upgrading critical public infrastructure, while EUR 300,000 will be used for technical support related to economic impact analysis under the Istanbul Seismic Risk Mitigation and Emergency Preparedness Project (*İSMEP in Turkish*). The grant is being provided through the Disaster Prevention and Recovery Fund established by the CEB in 2023.

Zero Withholding Tax on Government Debt Securities Extended Until 31 July

Pursuant to Presidential Decree No. 9769, published on 1 May 2025, the 0% withholding tax rate applied to income derived from government bonds, Treasury bills, and lease certificates has been extended until 31 July 2025.

Sustainability-Related Financial Disclosures Under TSRS1 Now Required to Be Presented Under a Separate Heading

The KGK has mandated that company financial reports include sustainability-related financial disclosures under a distinct section titled “TSRS-Compliant Sustainability Report” pursuant to newly added Paragraph 61T of the Türkiye Sustainability Reporting Standard 1 (“**TSRS1**”). The requirement applies to reporting periods beginning on or after 1 January 2024 and aims to preserve the integrity, distinctiveness, and independence of sustainability information, even when such disclosures are included within integrated annual reports.

MASAK Issues New Sectoral Guidelines for Suspicious Transaction Reporting

In an announcement dated 13 June 2025, MASAK both updated and expanded its guidelines concerning suspicious transaction reporting obligations. In addition to revised guidelines for FOBİM operating in precious metals, stones, jewelry, and real estate trade, MASAK has for the first time published sector-specific guidelines for notary publics, attorneys at law, certified public accountants, independent auditors, investment companies, insurance and reinsurance brokers, sports clubs, and e-commerce intermediary service providers. As part of this initiative, MASAK Online 2.0 system has been launched to enable obligated parties to transmit reports securely and efficiently. Submitting suspicious transaction reports in line with the updated guidelines is now mandatory through the new digital platform. Technical support regarding the reporting process will be provided via email by MASAK.

Council of Turkic States’ Banking Associations Holds Islamic Banking Training Program

The Council of the Banking Associations of the Turkic States held its second “Islamic Banking and Finance Training Program” in Istanbul. The program provided both theoretical and practical instruction from ten finance professionals from Türkiye, the Turkish Republic of Northern Cyprus, and Kazakhstan. The council aims to strengthen cooperation among member states and foster the development of the regional banking sector.

Yapı Kredi Secures USD 710 Million in Funding from International Markets

Following its USD 1.165 billion sustainability-linked syndicated loan raised in the first quarter of the year with participation from 55 banks across 28 countries, Yapı ve Kredi Bankası Anonim Şirketi (“**Yapı Kredi**”) executed a securitization transaction totaling approximately USD 710 million in the first half of 2025, backed by diversified payment rights (DPR). The transaction provided funding with maturities ranging from 5 to 7 years, including USD 565 million and EUR 125 million, with the participation of five different investors.

B Fintech Sector



Payment Systems Summit Held in Istanbul

The Banks Association of Türkiye (“**TBA**”), the CBRT, and the Banking Regulation and Supervision Agency (“**BRSA**”) jointly organized the “Payment Systems Summit,” bringing together leading figures in the sector on June 26 at the Istanbul Financial Center. TBA Chairman Alpaslan Çakar and CBRT Governor Dr. Fatih Karahan delivered the opening remarks. Nearly 700 participants followed five panels where industry representatives exchanged views on topics ranging from security and digital currencies to regional payment solutions and product diversity. The event, which featured international stakeholders such as the Deutsche Bundesbank and the European Payments Council, delivered strategic messages about the future of payment systems, covering topics such as the decline in cash usage, the rise of digital payment methods, the global adoption of FAST-like systems, the growing role of mobile applications and biometric technologies, the expansion of data sharing and API integration, the increasing use of digital currencies, and the importance of secure payment infrastructures.

CBRT Licenses

The CBRT granted 1000 Ödeme Hizmetleri ve Elektronik Para A.Ş. authorization to operate as an electronic money institution. Moka Ödeme ve Elektronik Para Kuruluşu A.Ş. lost its license automatically due to termination of its legal entity following a merger.



C Capital Markets



The Capital Markets Board Extends Measures on Short Selling and Margin Trading on Borsa Istanbul

On 27 June 2025, the Capital Markets Board (“CMB”) extended Borsa Istanbul A.Ş.’s (“BIST”) measures in equity markets under Decision No. 37/1177. The CMB will continue to enforce the ban on short selling in BIST equity markets, facilitate share buybacks by publicly listed companies, and relax the equity capital ratio for margin trading until the close of trading on 29 August 2025.

How Will Reserve Audits Be Implemented on Crypto Platforms?

The CMB has outlined the framework for the “reserve proof” audit obligation introduced in the first quarter of 2025 for crypto asset service providers (“CASP”). According to the CMB’s principal decision No. i-SPK.35/B.2 dated 8 May 2025, platforms must engage with independent audit firms each quarter to certify that their assets align with blockchain records.

During audits, the CMB requires separate reviews of customer assets and the platform’s own reserves. If the total reserve ratio falls below 100%, platforms must notify the CMB immediately. Information included in the audit report may be disclosed to the public only in a limited manner.

Simplifying Foreign Investment

SPK, yurt dışında yerleşik hak sahipleri adına Türkiye’de hesap açılmasını kolaylaştırmak amacıyla Merkezi Kayıt Kuruluşu’na (“MKK”) elektronik doküman yönetim sistemi kurma yetkisi verdi. Yeni sistemle birlikte yatırımcıların hesap açılış belgeleri artık fiziki olarak değil, elektronik ortamda merkezi biçimde toplanacak ve yetkili yatırım kuruluşlarıyla paylaşılacaktır.

Türkiye Recognized by OECD for Exemplary General Assembly Practices

The Organization for Economic Co-operation and Development (“OECD”) recognized Türkiye among the best practice examples for general assembly procedures. In a comparative review conducted in 2024, Türkiye ranked among the top five countries with exemplary shareholder meeting processes for publicly listed companies. As a result of the joint efforts by the CMB and the MKK, Türkiye stands out through regulations on shareholder rights, digital participation mechanisms, and transparency. The OECD report, published on 7 April 2025, highlights Türkiye’s general assembly procedures as a model in corporate governance.

CMB Updates Crowdfunding Information Forms

The CMB is preparing to update information forms used in equity- and debt-based crowdfunding projects to enhance transparency and standardization in the crowdfunding ecosystem. Drafts published under Communiqué No. III-35/A.2 include separate forms for entrepreneurs and project companies.

The forms cover key topics such as the purpose of fundraising, use of proceeds, current ownership structure, share transfer restrictions, prior funding series (if any), financial projections, and risk warnings for investors. The CMB accepted public comments and suggestions until 14 June 2025.

Crypto Assets Now Registered with MKK

The MKK launched a new registration system integrated with CASPs. Under the communiqué effective from the first quarter of 2025, platforms are now required to regularly report customer asset balances to the MKK. Platforms seeking a license from the CMB must complete system integration with the MKK by 20 June. Investors can verify their holdings through the MKK's e-INVESTOR portal.

MKK Releases Profit and Revenue Indices for the First Quarter of 2025

The MKK published its Profit and Revenue Indices for the first quarter of 2025. The profit index decreased by 38.47% compared to the same period last year, while the revenue index increased by 27.38%. The indices are based on the annual financial performance of companies listed on BIST.

CMB Repeals Outdated Principle Decision on Penetration Test Reporting

Taking into account the requirements introduced by Communiqué No. VII-128.10, published on 13 March 2025, the CMB has redefined the technical reporting obligations for penetration tests. As of 30 June 2025, it repealed Principle Decision No. i-SPK.128.17, which had previously required partial and full-fledged intermediary institutions to submit penetration test reports within three months, with deadlines adjusted for public holidays.

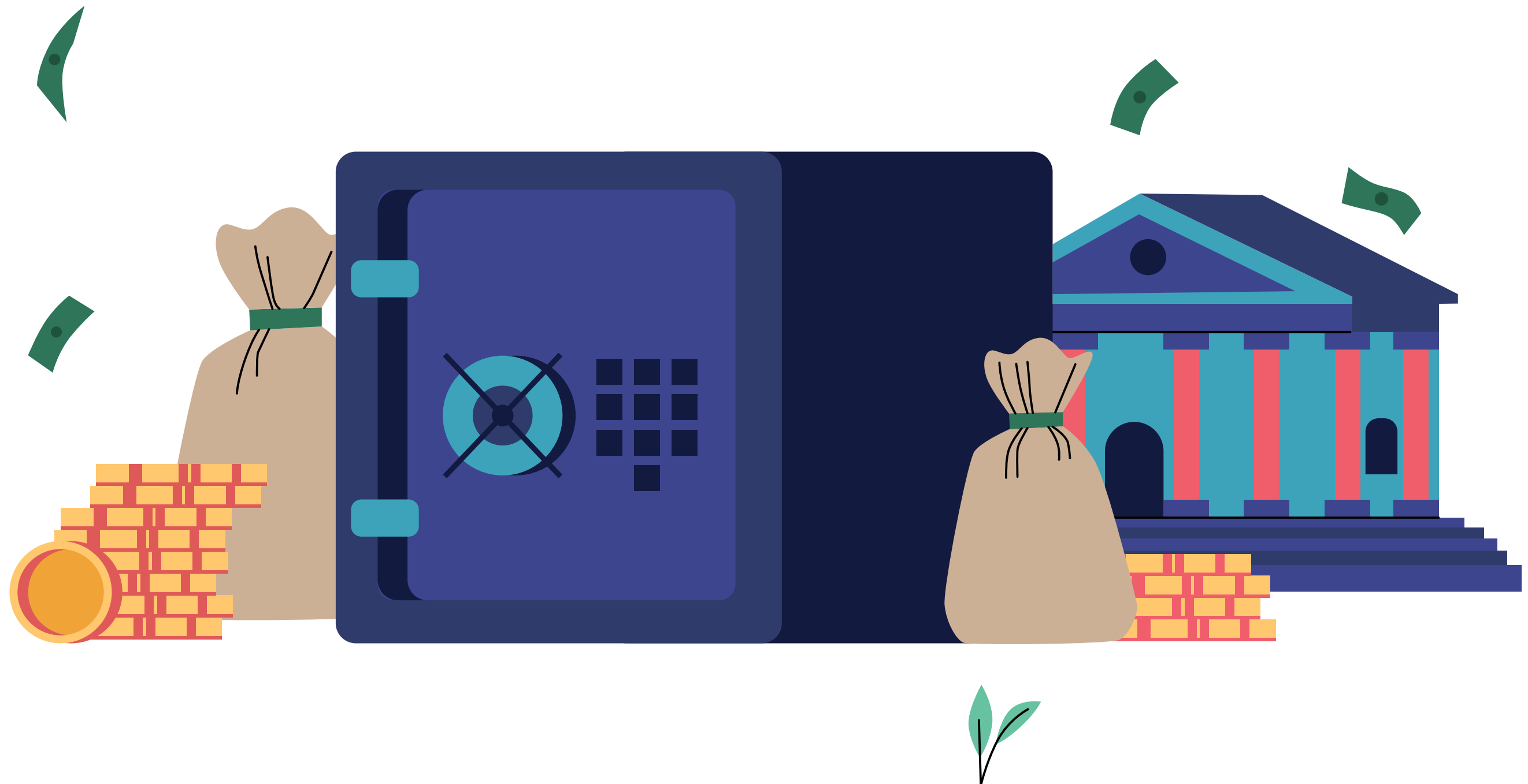
MASAK Enhances Oversight of Crypto Ecosystem

With the regulation published on 12 June 2025, MASAK introduced remote identity verification obligations for CASPs. Platforms are now required to verify users' identity and address details through the official Identity Sharing System (KPS *in Turkish*). The regulation, which took effect on 25 April 2025, mandates steps such as facial recognition and profession and address confirmation. Accounts belonging to users who fail to complete the identity verification will be temporarily restricted.

On 28 June 2025, MASAK issued a new communiqué tightening the rules governing CASPs' relationships with customers. The new rules require platforms to implement multiple filters, including minimum withdrawal waiting periods of 48 to 72 hours for crypto assets; daily and monthly withdrawal limits of USD 3,000 and USD 50,000 respectively for stablecoins; mandatory transaction descriptions with at least 20 characters; and board-level approval for high-risk transactions. Except for certain entities such as liquidity providers, market makers, or cross-market arbitrage actors, the regulation mandates risk-based transaction monitoring and institutional-grade operational transparency across the sector.



D Banks and Other Financial Institutions



Multifaceted Regulation on Reserve Requirements

The CBRT introduced comprehensive changes to the reserve requirement framework to strengthen the monetary transmission mechanism and encourage a shift toward the Turkish Lira. The CBRT increased the reserve requirement ratios for short-term TRY-denominated borrowings from abroad based on maturity, raised the ratios for foreign currency deposits by 200 basis points across all maturities, and raised the reserve requirement ratio for FX-protected deposit accounts (KKM *in Turkish*) to 40%. The CBRT also redefined monthly growth targets for banks based on their TRY deposit ratios and raised the interest rate paid on TRY-denominated reserve requirements. To support the conversion of export proceeds into Turkish Lira, the CBRT increased the conversion support rate to 3% and fixed the FX sale ratio to the CBRT at 35% until 31 July 2025.

BRSA Imposes Green Asset Ratio Mandate

The BRSA has introduced a new rule requiring banks to calculate and report their “green asset ratio” as part of efforts to strengthen the institutional framework

for sustainable finance. Effective as of June 2025, the regulation obliges banks to classify and quantify loans that contribute to environmental objectives in line with specific taxonomy criteria.

Assets falling under the “green” category will include financing related to climate change mitigation, circular economy, biodiversity protection, and water resource conservation. Banks that fail to substantiate their compliance with the criteria may face additional capital requirements.

In a parallel move to align with global standards, the BRSA has also adopted a new guideline based on the Basel Committee’s climate-related financial risk principles published in June 2022. The guideline, which takes effect in July 2025, outlines best practices for identifying, measuring, and monitoring climate risks within banks’ risk management frameworks.

BRSA Publishes 2024 Annual Report

In 2024, the BRSA led a significant structural transformation in the financial sector. It granted incorporation permits to 11 institutions, including two investment banks, two

participation banks, three asset management companies, two finance companies, one financial leasing company, and one savings finance company. Additionally, it issued operating licenses to seven institutions, including four deposit banks, one traditional and three digital.

The BRSA authorized Sipay Elektronik Para ve Ödeme Hizmetleri A.Ş. and Pratik İşlem Ödeme ve Elektronik Para A.Ş. to enter into merchant agreements under Law No. 5464 and permitted one bank to offer open banking services through a fintech interface under the digital service banking model.

During the same period, the BRSA revoked the licenses of three companies operating in financial leasing, factoring, and asset management. It also approved five overseas representative offices and branch openings by Turkish banks and issued representative office licenses to two foreign banks in Türkiye. Over the year, the BRSA approved 16 share transfers and one merger.

Finally, the BRSA announced that, based on its supervisory activities, it filed 13 criminal complaints, temporarily suspended the signing authority of 27 individuals, and imposed 26 administrative fines on banks.

TBB Publishes Credit Classification Report

The Banks Association of Türkiye (TBB *in Turkish*) released its Credit Classification Report in the second quarter of 2025 based on independently audited and publicly disclosed quarterly data from deposit banks and development and investment banks. As of March 2025, 97% of total loans in the Turkish banking sector remained classified as performing. Standard loans (Group I) reached TRY 15.5 trillion, while loans under close monitoring (Group II) grew by 47% year-over-year to TRY 1.46 trillion. The ratio of non-performing loans to total loans rose to 1.9%, with banks setting aside provisions covering 75% of these receivables. Restructured or reclassified loans totaled TRY 815 billion, 93% of which consisted of performing Group II loans.

New Funding Rules for Development and Investment Banks

Effective as of 9 April 2025, a new regulation by the BRSA introduces restrictions on how development and investment banks may obtain funding from their borrowers, affiliates, and shareholders. Under the new rules, banks may only receive funds from these parties based on a formal funding agreement. The amount received from a borrower cannot exceed the borrower's total credit exposure to the bank, and the fund provider must carry credit risk. Funds provided by shareholders are subject to a limit based on their equity share, excluding qualified shareholders and public institution shareholders from this cap.

Banks are required to track these funds in separate accounts and ensure full compliance with the regulation

by 1 April 2026. In addition, any fees and commissions earned from intermediary services such as payments or collections may only be held in temporary accounts and may not be transferred into interest-bearing instruments or accounts.



New Capital and Management Requirements for Savings Finance Companies

A regulation published in the Official Gazette on 30 May 2025 tightens the rules governing savings finance companies. The minimum equity requirement for opening each new branch is set at TRY 10 million, excluding real estate appraisal differences from the calculation. The notification criteria for branch closures are now tied to the registration date.

The regulation aims to strengthen corporate governance by requiring companies to employ at least three deputy general managers. In cases where senior executives leave, permanent replacements must be appointed within three months. Additionally, accepting payments without contracts and promotional incentives are prohibited. Housing finance transactions are limited to real persons, and indirect benefit arrangements for third parties are restricted.

BRSA Tightens Interest Rate Risk Limits for Banks

The BRSA issued a regulation published on 12 May 2025, tightening control over interest rate risk in banks' consolidated and unconsolidated accounts. The regulation lowers the maximum allowed "standard ratio" for this risk from 20% to 15%. Positions related to participation accounts will be assessed within a ratio determined by the BRSA, and positions with optional interest features are now included in the calculation.

The regulation also clarifies the cash flow scenarios and economic value change methods used for risk measurement. It will take effect on 1 October 2025, while consolidation-based applications will begin in April 2026.

CBRT Strengthens Currency Swap Agreements Internationally

The CBRT has enhanced its currency swap agreements with China and Kazakhstan to diversify international reserves and support bilateral trade. It renewed the existing swap agreement with the People's Bank of China for TRY 189 billion (35 billion Chinese Yuan) and signed a new memorandum of understanding facilitating renminbi-denominated swap transactions between the two central banks.

Additionally, the CBRT signed its first three-year swap agreement with the National Bank of Kazakhstan worth TRY 28 billion (423 billion Kazakh Tenges). Both agreements can be extended by mutual consent and aim to strengthen regional financial cooperation and increase trade in local currencies.

CBRT Raises Thresholds for Foreign Exchange Position Reporting

The CBRT increased the reporting thresholds for transactions affecting foreign exchange positions. Following amendments to the 17 February 2018 regulation, the financial thresholds triggering reporting obligations have risen from TRY 100 million to TRY 250 million, and from TRY 500 million to TRY 1.5 billion. Additionally, the reporting frequency changed from monthly to quarterly.

BRSA Grants Operational Licenses in Q2 2025

In the second quarter of 2025, the BRSA granted operating licenses to four institutions. Fair Finansal Kiralama A.Ş. and Ortak Finans Katılım Faktoring A.Ş. received operational licenses after their establishment in early 2025. Parolapara was authorized as an electronic money institution, and Galata Varlık Yönetim A.Ş.'s license was published in the Official Gazette. Additionally, Halk Katılım Bankası, led by T. Halk Bankası A.Ş., was approved with a capital of TRY 11.5 billion.

CBRT Eases Minimum Tenor for Variable Rate Deposits

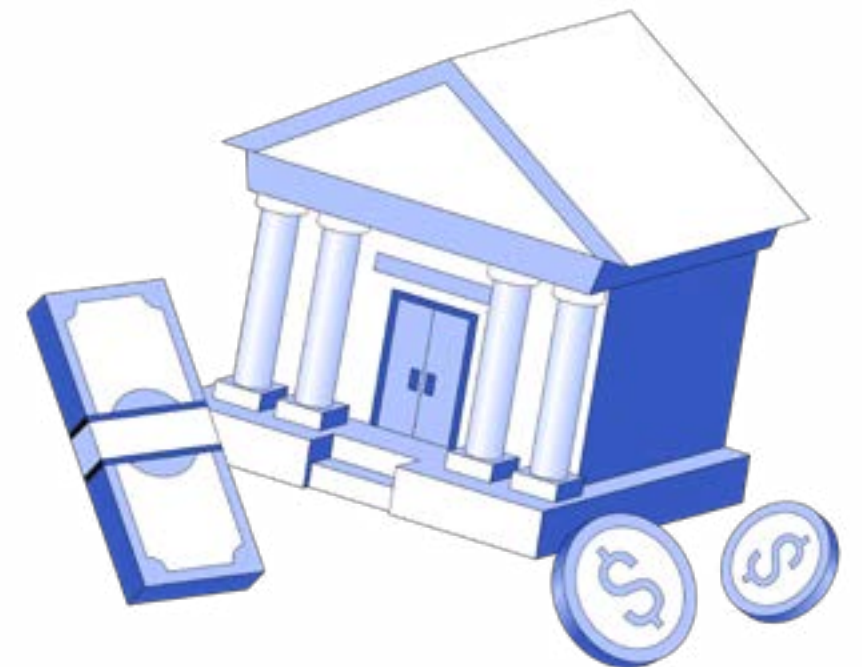
With Communiqué No. 2025/14 dated 21 June 2025, the CBRT revised the minimum tenor for variable rate deposits in Turkish Lira and foreign currencies from “3 months and longer” to “1 month and longer,” allowing banks to apply variable interest rates starting from one month maturity.

Non-Banking Financial Sector Shows Strong Growth in Q1

The Financial Institutions Association (FKB *in Turkish*) reported a 73% increase in transaction volume to TRY 695 billion in Q1 2025. The sector's total assets reached TRY 1.1 trillion, and equity rose to TRY 220 billion. The Savings Finance sector notably increased its transaction volume by 276%.

Turkish Banking Sector Grows by 14% in April

As of April 2025, Türkiye's banking sector total assets reached TRY 37,287,819 million. Compared to the end of 2024, total assets increased by 14.2%, loans grew 14.6% to TRY 18,393,874 million, and securities rose 14.7% to TRY 5,992,306 million. Deposits increased by 13.9% to TRY 21,526,516 million. The sector's net profit was TRY 264,202 million, with a capital adequacy ratio of 17.42%.



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