



Number: 2008/15

June 25, 2008

PRESS RELEASE ON POSTPONING BASEL-II IMPLEMENTATION

As it is known, the results of the study on International Convergence of Capital Measurement and Capital Standards, so-called Basel-II, was published in June 2004, and was extended to include other current capital regulations and reached its final version in June 2006. This study was included in the Acquis Communautaire by the Directives of the European Parliament and of the Council dated June 14, 2006 Nr. 2006/48 and 2006/49.

As a result of the inclusion of Basel-II provisions in the Acquis Communautaire, the necessity of executing BRSA's implementations on the basis of Acquis Communautaire has arisen. Currently, capital adequacy in the banking system is calculated on the basis of "Regulation on Measurement and Assessment of Capital Adequacy of Banks", published in the Official Gazette dated November 1, 2006. One of the basic amendments that Basel-II brings has been met by the current Regulation, and operational risk component was included in capital adequacy calculations as of June 2007. As a result, BRSA started to implement capital adequacy calculations relating to Basel-II which is partially compatible with the mentioned EU Directives.

Currently, the studies on implementation of Basel-II are in progress, in many countries worldwide. Likewise, BRSA is executing a plan to ensure the implementation of Basel-II by banks operating in Turkey. A road map has been declared before, and the studies are still in progress.

As a result of the studies concerning the adaptation of Turkish Banking Sector to Basel-II in January 01, 2009, done by BRSA, significant improvements have been actualized. However, in the light of the recent developments -of which causes and effects are uncertain and deep- in global financial markets, deficiencies in Basel-II have been determined, especially in terms of securitization and liquidity risk. It is known that currently, the amendment studies in the documents concerned are carried out in international level with a view to overcome the deficiencies mentioned. Not only these amendment studies, but also the fact that Turkish Commercial Code Draft, which has not been enacted yet, and by also taking the comments of financial and real sector representatives into consideration, the implementation of capital requirements measurement based on credit risk ratings is postponed to a further date.