

BEST PRACTICE GUIDELINE**From the Banking Regulation and Supervision Agency:****GUIDELINE ON FAIR VALUE MEASUREMENT****FIRST PART****Definition and Purpose**

1. The aim of this guideline is to explain the best practices expected from banks regarding the banks' processes to measure the fair value of financial instruments and banks' risk management and control processes related to this fair valuation.
2. The guideline has been prepared based on the Articles 93, 95 and 96 of the Banking Law number 5411 dated October 19, 2005 and the Article 7/A entitled "Best practice guidelines" of the Regulation on Principles and Procedures Relating to the Audit to be Performed by the Banking Regulation and Supervision Agency published in the Official Gazette number 26236 dated July 22, 2006 amended by the Regulation on Amendment to the Principles and Procedures Relating to the Audit to be Performed by the Banking Regulation and Supervision Agency published in the Official Gazette number 29057 dated July 11, 2014.
3. In addition to this guideline, banks should also be consistent with the rules in the Part-2 entitled "Principles and Basis for Prudent Valuation" of the Annex-3 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks and should take into consideration Part-2 of the mentioned annex and this guideline jointly and as a whole.
4. This guideline should be taken into account as to form integrity mainly with;
 - a) Regulation on Measurement and Assessment of Capital Adequacy of Banks and communiqués based on this regulation,
 - b) Communiqué on Turkish Financial Reporting Standard (TFRS 13) Concerning Fair Value Measurement (item number:5), published by Public Oversight, Accounting and Auditing Standards Authority in the Official Gazette number 28513 dated December 30, 2012,
 - c) Guideline on Stress Testings to be Used by Banks in Capital and Liquidity Planning,
 - d) Guidelines on Assessment and Validation of Internal Rating Based Approaches and Advanced Measurement Approach and Corporate Governanceand applicable accounting standards and regulations, communiqués, circulars and other best practice guidelines published by Banking Regulation and Supervision Agency.
5. The meanings of some terms in this guideline are given below:
 - a) 'Independent price verification (IPV) process' means a process by which market prices or marking to model inputs are regularly verified for accuracy and independence,
 - b) 'Valuation adjustments' means modifications/adjustments to an estimate of fair value or an input (including that is obtained from third parties) used in the valuation, to be consistent with applicable standards and guidance, to ensure that this value is consistent with a market participant view and to ensure the valuation properly reflects all appropriate risks,

- c) 'Fair value' is the fair value defined in Article 3 of the Regulation on Authorization and Activities of Institutions which will Provide Valuation Services to Banks published in the Official Gazette number 26333 dated November 1, 2006,
- d) 'Model risk' is the risk emanating from models used by banks to measure their risks or to value their financial products from failing to reflect the risks exposed adequately and accurately,
- e) 'Marking-to-model' means any valuation which has to be benchmarked, extrapolated or otherwise calculated from one or more market inputs,
- f) 'Marking-to-market' means the valuation of positions at readily available close out prices that are sourced independently, including exchange or market prices, screen prices or quotes from several independent reputable brokers,
- g) 'Top management' refers to the top management defined in the Article 3 of Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks,
- h) 'Senior management' refers to the senior management defined in the Article 3 of Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks,
- i) 'Governance structure' is the organizational structure (including top management), policies and procedures, supervision activities and other related activities which are responsible in or related to the management of risks that a bank exposed to.

English equivalents of some terms used in this guideline are given in the **Annex-1** to provide the analysis and monitoring of literature regarding these terms.

- 6. This guidance should be applied to all financial instruments and commodities, whether booked in the trading book or not, that are measured at fair value at all times (not only during stress periods).

SECOND PART

Valuation governance and controls

Principle 1. Bank's board should ensure the formation of adequate governance structures and control processes for all financial instruments that are measured at fair value for risk management and financial reporting purposes. These processes should be consistently applied across the bank and integrated with the risk measurement and management processes.

- 7. A bank should establish and maintain governance structures and controls sufficient to provide prudent and reliable valuation estimates.

Governance

- 8. The valuation governance structures and related processes should be embedded in the overall governance structure of the bank, and consistent for both risk management and reporting purposes. The governance structures and processes should explicitly specify the role of the board and senior management. The board might delegate some of these responsibilities to board committees or senior management, but should continue to be ultimately responsible for the overall execution of governance. The responsibilities for governance structures applicable to all financial instruments measured at fair value should include at least the following points:
 - i. Reviewing and approving written policies related to fair valuations,

- ii. Ongoing review of significant valuation model performance for issues escalated for resolution and all significant changes to valuation policies,
- iii. Devoting adequate resources to the valuation process,
- iv. Articulating the bank's tolerance for exposures subject to valuation uncertainty and monitoring compliance with the board's overall policy settings at an aggregate firmwide level,
- v. Maintaining the independence in the valuation process between risk taking and control units,
- vi. Ensuring the appropriate internal and external audit coverage of fair valuations and related processes and controls,
- vii. Ensuring the consistent application of accounting and disclosures with the applicable accounting framework,
- viii. Ensuring the identification of significant differences, if any, between accounting and risk management measurements and that these are documented and monitored.

In addition, the board should receive reports from senior management on the valuation oversight and valuation model performance issues that are brought to senior management for resolution, as well as significant changes to valuation policies.

Controls

9. Controls and procedures should be designed to ensure all financial instruments that are measured at fair value are reliable and have clear and robust production, assignment and verification. In addition to other points;
 - a) Controls and procedures should include documented policies for valuation methodologies. These policies would be approved by senior management and reported to the board as frequently as necessary and at least annually.
 - b) Controls and procedures should include detailed information about all of the acceptable practices for the initial pricing, marking-to-market/marketing-to-model, valuation adjustments, observability and reliability of inputs, and periodic independent revaluation depending on the nature of the financial instruments and sources of independent prices.
 - c) Controls and procedures should establish the information sources/feeds and thresholds to make valuation when there is a presumptive case for challenging the valuation model. The valuation model may be challenged when valuations or valuation inputs are materially different from available external market information and that information is deemed to be reliable (eg objective thresholds that indicate when IPV, test trades or other cross-checks indicate significant differences with model-based valuations).
10. A thorough understanding of the instrument being valued and its markets allows a bank to determine/identify and evaluate the relevant market information available about identical or similar instruments. Therefore, the bank uses such relevant information to measure the fair value of its financial instruments after assessing all available and relevant information and choosing the relevant ones.
11. For inactive markets, a bank should put more work into the valuation process to gain assurance that the transaction price provides evidence of fair value or to determine the adjustments to transaction prices that are necessary to measure the fair value of the instrument. When a market is not active, the bank should measure fair value using a valuation technique (eg, a model). The technique chosen should reflect current market

conditions. Therefore, a transaction price in the same or a similar instrument should be considered in the assessment of fair value as a current transaction price which is likely to reflect current market conditions. The bank should consider such transaction prices, but does not conclude automatically (without any further assessment) that any transaction price is determinative of fair value. If such transaction prices are used, the bank might be required to make significant adjustment based on unobservable data/facts. Determining fair value in a market that has become inactive depends on the facts and circumstances and may require the use of significant judgment. The bank should maintain sound controls over valuations involving inactive markets, including appropriate documentation to support valuations. The bank should follow the relevant accounting standards and guidance for such valuations. For risk management purposes, there needs to be consideration of all factors in valuation and clear and approved documentation regarding factors included in, or excluded from, the valuation technique.

12. Valuation controls should be applied consistently across similar instruments (risks) and across business lines (books). These controls should be subject to internal audit review with the resources and expertise required to identify and provide an effective review of practices.
13. A fundamental feature of adequate control processes is that the final approval of valuations should not be the responsibility of the risk taking units. There should be clear and independent reporting lines to ensure that valuations are independently determined and assessed. A bank should maintain functional separation between the front office (the risk taking units that typically provide the initial fair valuation estimate) and the measurement and control unit (the unit providing IPV) and maintain the independence of reporting lines at all times. In addition, the unit responsible for IPV within the bank should source prices independently of the relevant trading unit/desk.
14. New product approval processes should include all internal stakeholders relevant to risk measurement, risk control, financial reporting and the assignment and verification of valuations of financial instruments. Regardless of the booking portfolio/balance sheet account of a new product, reviews and approval of valuation methodologies must be guided by a previously determined minimum set of considerations. Moreover, new product valuation and approval processes should be supported by a transparent, adequately-documented inventory of acceptable valuation methodologies that are specific and relevant to products and businesses.

Principle 2. A bank should have adequate capacity, including during periods of stress, to establish and verify valuations for instruments and transactions in which it engages.

15. A bank should have adequate capacity and capability to produce valuations and to determine the appropriateness of valuations obtained from third-party pricing services. This capacity should be commensurate with the importance, riskiness and size of these exposures in the context of the business profile of the bank. The bank's capacity should also be sufficiently resilient to periods of rapid growth in a business and periods of market stress. Furthermore, senior management should ensure that the bank has the resources and capabilities to estimate appropriately the inherent risks and the value of financial instruments, including complex and illiquid instruments.
16. During stressed market conditions, market discontinuity or illiquidity can make valuation of many instruments particularly challenging. For exposures that represent material risk, a bank should have the capacity to produce valuations using alternative methods in the event that primary inputs and approaches become unreliable, unavailable or not relevant due to market discontinuities or illiquidity.
17. A bank should test and review the performance of its valuation models under possible stress conditions, so that it understands the limitations of the models under such conditions. The

bank valuation methodologies should not place undue reliance on a single information source (eg external ratings) especially when valuing complex or illiquid products. The bank processes should emphasise the importance of assessing fair value using a diversity of approaches and having in place a range of mechanisms to cross-check valuations.

18. The use of a third-party pricing service for fair valuations for financial instruments does not relieve the board of its oversight responsibility or senior management of its responsibility to ensure appropriate fair valuations and provide appropriate supervision, monitoring and management of risks. Senior management should establish a process to assess third party pricing services (due diligence process) and ensure an adequate assessment of the appropriateness of the techniques used for fair valuations by these third party pricing services, the underlying assumptions and selection of inputs and the consistency of application (i.e. using third party pricing services) in this due diligence process.

Principle 3. A bank's senior management should ensure that policies for categorising financial instruments on the balance sheet are consistent for accounting, regulatory and management purposes and that these policies are strictly aligned with the valuation capabilities of the bank.

19. A bank should categorise and report financial instruments in financial reports in accordance with applicable accounting and regulatory reporting requirements. Senior management should ensure that the classification for accounting, regulatory and risk management purposes are consistent. Any significant differences in categorisation for the measurement and management of risk and that necessary for the applicable accounting framework should be documented and approved by senior management and advised to the appropriate board level committees.
20. A bank's strategy and therefore the management of financial instruments may change based on changes in economic conditions. In these circumstances, any subsequent reclassification of financial instruments should be made under the control of the bank's senior management and appropriate board level committees and strictly in accordance with accounting requirements. When financial instruments are transferred into another portfolio, the accounting and regulatory capital requirements of this portfolio should be strictly applied. Classification and reclassification practices should not be used with the view to circumvent accounting requirements in order to achieve a particular result. Specific information related to reclassifications (eg reasons and impacts of reclassification) should be disclosed in accordance with accounting rules.
21. Senior management should have in place appropriate control policies and practices as regards classification and any subsequent reclassification of financial instruments. Moreover, senior management should ensure that internal policies related to classification and reclassification of financial instruments are applied consistently over time and within a group. The bank should, for instance, maintain documentation that supports the initial classification and any subsequent transfers (reclassification) between asset categories.

THIRD PART

Risk management and reporting for valuation

Principle 4. A bank should have in place sound processes for the design and validation of methodologies used to produce valuations.

22. Within the context of this principle, key characteristics of sound processes for valuation methodology design and validation are explained under these subtitles: (i) independence of the validation from the design function of the methodology; (ii) rigorous validation; (iii) integrated control processes; and (iv) sufficiently resourced internal and external audit programmes.

Independence of model validation

23. A valuation model, including any material changes to it, must be validated before the implementation as well as after the implementation by an independent, suitably qualified group prior to usage, with periodic reviews to ensure the model remains suitable for its intended use. Independent validation requires the human and financial resources needed to provide an effective challenge. The validation group should have reporting lines that are independent of the risk taking units.

Rigorous validation

24. Model validation processes should be systematically applied for both internally generated and, to the extent possible, vendor provided models. Validation includes evaluations of following points:

- i. The model's theoretical soundness and mathematical integrity,
- ii. The appropriateness of model assumptions, including consistency with market practices and consistency with relevant contractual terms of transactions,
- iii. Sensitivity analyses performed to assess the impact of variations in model parameters on fair value, including under stress conditions,
- iv. Benchmarking of the valuation result with the observed market price at the time of valuation or independent benchmark model.

25. A bank should understand and document the limitations to the performance of the model so as to understand the conditions under which valuations would not reasonably reflect an exit price. Appropriate action should be taken when performance of the model is not acceptable. This action could include valuation adjustments for model limitations or model risk, or if necessary, changes to the model.

Integrated control processes

26. A bank should have in place policies defining a regular cycle for valuation model review that reflects the vulnerabilities of individual models. Policies should also identify specific triggers (eg indications of deterioration in model performance or quality) that will cause the review cycle for a valuation model to be accelerated.
27. A bank should have explicit links between the results of the IPV process or indicators of performance of positions and the review process of models. Whenever possible, these links should be expressed in terms of explicit quantitative thresholds, the crossing of which should trigger a review of the valuation model and or valuation procedure. These triggers should be consistent with sound practices in risk management.
28. Profit and loss (P&L) attribution processes are a key aspect of valuation control. For fair valuations where changes in fair value are reflected in the P&L statement, these processes should take place no less frequently than the risk management horizon and with a priority given to portfolios with significant valuation risk so that management understands the reliability and sources of P&L in a timely manner. The results of these processes should then feed back into periodic processes such as IPV and model validation.

Audit programme

29. Sound internal and external audit programmes should play an important role in a bank's validation process. External and internal audit should devote adequate resources to reviewing the control environment, the availability and reliability of information or evidence used in the valuation process, and the reliability of estimated fair values. External and internal audit should include the price verification processes and testing valuations of

significant transactions. Audit programmes should also evaluate whether the disclosures about fair values made by the bank are in accordance with the applicable accounting standards.

Principle 5. A bank should maximise the use of relevant and reliable inputs and incorporate all other important information so that fair value estimates are as reliable as possible.

30. The relevance and reliability of valuations are directly related to the quality and reliability of the inputs. A bank should apply the accounting guidance provided to determine the relevant market information and other factors likely to have a material effect on an instrument's fair value when selecting the appropriate inputs to use in the valuation process. Assessing data sources and input factors is a judgemental process in which all facts and circumstances have to be taken into account. Where values are determined to be in an active market, the bank should maximise the use of relevant observable inputs and minimise the use of unobservable inputs when estimating fair value using a valuation technique. However, where a market is deemed inactive, observable inputs or transactions may not be relevant (such as in a forced liquidation or distressed sale), or transactions may not be observable (such as when markets are inactive). In such cases, the accounting fair value guidance provides assistance on what should be considered, but may not be determinative.
31. In assessing whether a source is reliable and relevant, the following factors should be considered:
 - i. The frequency and availability of the prices/quotes and whether those prices represent actual regularly occurring transactions on an arm's length basis (eg the independence of contracting parties from each other, the absence of privity, having no privileged or banned parties, reaching to the objective/unsimulated price such as reaching to the same price in case of it is transacted with other counterparties),
 - ii. Whether the price/quote is an indicative price or a binding offer,
 - iii. Whether the available prices are relatively consistent with available corroborating market information and if the prices vary significantly across market participants,
 - iv. Whether prices are transparent and generally available to market participants,
 - v. The timeliness of the pricing data relative to the frequency of valuations, such that the pricing data can be relied upon (Recent pricing data will tend to be more reliable than stale data.),
 - vi. The number of independent sources that produce the quotes/prices (It is also important to consider the dispersion of prices/quotes available. This will assist market participants in assessing the quality of the pricing data.),
 - vii. The maturity of the market,
 - viii. The similarity between the financial instrument sold in a transaction and the instrument held by the bank,
 - ix. The nature of a transaction (especially in inactive markets) and whether it reflected a forced or distressed sale (which are not relevant) or otherwise involved a seller that needed to sell and one or very few buyers (which may require consideration of other information and management judgement in determining the implications for the estimate of fair value).
32. A bank has to be able to identify when active markets become inactive as this will affect the quality, transparency and reliability of inputs to a valuation. The bank should have in place appropriate procedures for valuing financial instruments when markets are inactive. These procedures should be documented and approved by senior management.

33. The characteristics of complex structured products, including securitisation transactions, make their valuation inherently difficult for some reasons such as the absence of active and liquid markets, the complexity and uniqueness of the cash waterfalls, and the links between valuations and underlying risk factors. The absence of a transparent price from a liquid market means that the valuation must rely on models or proxy-pricing methodologies, as well as on expert judgment. The outputs of such models and processes are highly sensitive to the inputs and parameter assumptions adopted, which may themselves be subject to estimation error and uncertainty. Moreover, calibration of the valuation methodologies is often complicated by the lack of readily available benchmarks.

Principle 6. A bank should have a rigorous and consistent process to determine valuation adjustments for risk management, regulatory and financial reporting purposes, where appropriate.

34. A fair value estimate should be made in accordance with applicable standards and guidance (eg accounting, risk management, or prudential requirements or guidelines). In some circumstances, adjustments may be necessary to result in a valuation estimate that meets the applicable valuation definition. Accordingly, the overall governance and control framework for valuations should include a policy to identify the types of valuation adjustments that could affect the valuation estimate and valuation processes. These processes should ensure an appropriate segregation of duties and ensure an appropriate level of management review. Furthermore, procedures for the resolution and escalation of valuation issues and exceptions to the board of directors or a committee thereof (such as the audit or risk committee) should be defined and documented.

35. Valuation adjustments should be initially authorised and monitored subsequently by an independent control group (eg IPV or financial control unit, and/or independent model validation unit). Valuation adjustments should be supported by appropriate and regularly maintained documentation. Senior management responsible for control and oversight of the valuation process should ensure that the control and oversight process incorporates the valuation adjustment process. Accordingly, significant valuation adjustments and significant differences between fair values included in financial reporting and those used in risk management or regulatory reporting, if any, should be reported to and agreed on by senior management. In addition, there should be a clear process to timely resolve significant disagreements about valuation adjustments and to escalate material valuation issues to the bank's board of directors or appropriate governance committee. Routine reporting to the board or appropriate governance committee, including material valuation issues, should be on a regular basis in an appropriately aggregated and understandable form.

36. Fair value measurements may involve a significant amount of judgment, including determinations about whether a market is active or inactive and whether a price in a market for the same or similar instrument is representative of fair value. Judgment is also used in the selection and use of observable and unobservable inputs. A bank's valuation process and the judgments made should be determined pursuant to applicable standards and implementation guidance. Senior management should have appropriate rigor and consistency in its processes and be able to recognise and react when changes to a valuation estimate are necessary. Based on facts and circumstances, including changes in market conditions, the bank may need to use judgment to determine whether an adjustment to a valuation estimate or a valuation input is needed to reflect an appropriate fair value measurement.

37. For financial reporting purposes, an entity must include appropriate risk factors that market participants would consider in determining fair value. Risk factors include risk related to model uncertainty, liquidity, credit or other risks (such as a risk premium that a market participant would consider in pricing a complex financial instrument). To the extent that

risks are not incorporated in the valuation estimate or valuation model, a bank should make adjustments to estimates of fair value to ensure the valuation properly reflects all appropriate risks, consistent with a market participant view, in accordance with applicable standards and guidance. If changing market conditions and associated risks are not included in a model valuation, adjustments to the model or to the valuation may be necessary under accounting standards to reflect what the transaction price would have been on the measurement date for a financial instrument. These adjustments should be made consistently with the assessment of risk and uncertainty surrounding the valuation of the item. However, adjustments should not be made if they do not result in a better estimate of fair value. The bank should follow the relevant accounting guidance for such valuations and related adjustments.

38. A bank should be aware that some regulatory adjustments required by prudential filters or used for risk management purposes may not be appropriate for financial reporting purposes. For example, discount adjustments for a large block of financial instruments cannot be made to fair valuations when these instruments are market observable for financial reporting purposes, but may be considered for risk management purposes under prudent valuation guidance. However, the bank should have rigorous governance and control processes for all valuation adjustments, regardless of whether they are for risk management, regulatory or financial reporting. Significant differences, if any, between fair values used for financial reporting purposes and valuations used for risk management and regulatory purposes should be understood by senior management and appropriately documented, including reporting to the board or appropriate governance committee.

Principle 7. A bank should have valuation and risk management processes that explicitly assess valuation uncertainty. All material valuation uncertainty should be included in the information communicated to the board and senior management.

39. Outside of actual transactions, uncertainty about the current value of a financial instrument should be viewed as an inherent characteristic of the valuation process. Uncertainty is specific to the instrument and to the point in time the valuation is effected/made, and is not exclusive to any specific valuation methodology.

40. Many factors can give rise to valuation uncertainty.

- a) Some factors are related to the characteristics of the instruments being valued. These factors may include, for example, complexity of payoffs stemming from embedded non-linearities and option-type structures; longer term maturity; and the absence of readily available market prices on closely related instruments that can guide the valuation through arbitrage and comparison. Each of these are features that can lead to greater uncertainty about current valuation.
- b) Other factors that can influence valuation uncertainty are related to the trading environment. For instance, the depth and breadth of the market in which it is traded will affect its liquidity and hence the price at which a transaction can take place. In addition, characteristics of the holder can be important. The liquidation of a position that represents a significant share of the overall supply of a particular instrument will likely affect the market price and so will have an impact on the realised value for the seller. Such adjustments may not be appropriate in all cases for financial reporting purposes.

41. Many drivers of uncertainty around current values also affect the risk in the future value of an instrument (eg liquidity risk and counterparty credit risk). Similarly, the structure of cash flows associated with an instrument affects both the sensitivity of future value to market and credit risk, and also affects the way these risks are discounted to produce an estimate of

current value. There is a close link between the assessment of valuation uncertainty and the measurement of financial risk associated with a specific instrument or exposure.

42. A bank's valuation and risk measurement systems should recognise and account for valuation uncertainty systematically. In particular, valuation processes and methodologies should produce an explicit assessment of uncertainty related to the assignment of value for all instruments or portfolios. When appropriate this may simply be a statement that uncertainty for a particular set of exposures is very small. Other than these type of exemptions, although qualitative assessments are a useful starting point, it is desirable that banks develop methodologies that provide, to the extent possible, quantitative assessments. These methodologies may gauge the sensitivity of value to the use of alternative models and modelling assumptions (when applicable), to the use of alternative values for key input parameters to the pricing process, and to alternative scenarios to the presumed availability of counterparties. The extent of this analysis should be commensurate to the importance of the specific exposure for the overall solvency of the bank.
43. Assessments of valuation uncertainty should to be fully integrated in the internal decision-making process of a bank. Quantitative and qualitative assessments of this uncertainty should accompany all internal reports of valuation information as well as the reports containing risk information across the bank. This information should be communicated to all relevant bodies in the bank where investment and risk management decisions are made, including senior management and the board. This information should be communicated with the same frequency and timeliness that information about value of positions and associated risks is communicated to the same bodies.

Principle 8. A bank's external reporting should promote transparency by providing timely, relevant (for related parties), reliable and decision-useful information.

44. The purpose of external reporting is to provide relevant and useful information for the intended users for an intended purpose. A bank's external financial reporting should provide transparent information related to fair value.
45. Disclosures should be made in accordance with the applicable financial reporting standards and other applicable regulatory reporting requirements. A bank should check regularly whether it discloses the required disclosures in accordance with applicable standards or not. Information to be disclosed should include the descriptions of valuation techniques used to determine fair value and the instruments to which they are applied. Disclosures that provide explanations of the valuation inputs and assumptions used in the fair value measurements help inform users about the judgments made in determining fair value. In addition, appropriate disclosure about the sensitivity of fair value measurements to reasonably possible alternatives that would significantly affect the valuation is also of particular interest to users. A disclosed description of the bank's valuation governance and controls processes can improve understanding of the quality of the bank's fair valuations and the robustness of related risk management processes. These disclosures are especially important in times of market stress and uncertainty. Accordingly, senior management should consider whether disclosures around valuation uncertainty can be made more meaningful. For instance, the bank may describe the modelling techniques and the instruments to which they are applied; the sensitivity of fair values to modelling inputs and assumptions; and the impact of stress scenarios on valuations. Moreover, appropriate disclosures should also be provided with respect to financial asset reclassifications.
46. A bank should regularly review its disclosure policies to ensure that the information disclosed continues to be relevant to its business model and products and to current market conditions.

ANNEX-1: ENGLISH EQUIVALENTS OF TURKISH TERMS USED IN THIS GUIDELINE

Turkish	English
Alacak	: Exposure
Bağımsız fiyat teyidi (BFT)	: Independent price verification (IPV)
Cari değer	: Current value
Değerleme ayarlamaları	: Valuation adjustments
Değerleme tahmini	: Valuation estimate
Değerlemeye ilişkin belirsizlik	: Valuation uncertainty
Değerlemeye ilişkin yönetim	: Valuation governance
Doğrulama	: Validation
Durum tespit analizi süreci	: Due diligence process
Eşik (eşik değer)	: Threshold
Gelecekteki değer	: Future value
Gerçeğe uygun değer	: Fair value
Gözetim	: Oversight
İcra yoluyla satış	: Distressed sale
İhtiyatlı değerlendirme	: Prudent valuation
İş profili	: Business profile
İşlem	: Transaction
İyi uygulamalar	: Sound practices
Kamuya açıklama	: Disclosure / External Reporting
Kâr/zarar (K/Z)	: Profit & loss (P&L)
Kâr/zarar durumu	: Payoff
Karşılaştırma	: Benchmarking
Kaynakların belirlenmesi süreci	: Attribution process
Kıyas	: Benchmark
Modele dayalı değerlendirme (MDD)	: Marking-to-model
Muvazaadan ari işlemler	: Transactions on an arm's length basis
Öncelik hakkı barındıran nakit akımları	: Cash waterfalls
Paydaş	: Stakeholder
Piyasa fiyatına dayalı değerlendirme (PDD)	: Marking-to-market
Piyasanın kesintiye uğraması	: Market discontinuity
Piyasanın likit olmaması	: Market illiquidity
Piyasanın olgunluğu	: Maturity of the market

Satış fiyatı	:	Close out price
Stres altındaki piyasa koşulları	:	Stressed market conditions
Stres dönemleri	:	Periods of stress
Stres koşulları	:	Stress conditions
Süreç	:	Process
Temsili fiyatlama	:	Proxy-pricing
Tetikleyici	:	Trigger
Teyit etme	:	Verification
Uzman görüşü	:	Expert judgment
Üst düzey yönetim	:	Senior management
Yargısal değerlendirme	:	Judgement
Yayılım	:	Dispersion
Yönetim kurulu üyelerinden oluşan alt komiteler	:	Board committees
Yönetim yapılanması	:	Governance structure
Zorunlu tasfiye	:	Forced liquidation