

**From the Banking Regulation and Supervision Agency:**

**COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS  
OF BANKS**

(Published in Official Gazette dated November 8, 2006 Nr. 26340)

**SECTION ONE**

**Objective and Scope, Basis and Definitions**

**Objective and Scope**

**ARTICLE 1-** (1) The objective of this Communiqué is to set down procedures and principles regarding the preparation of consolidated financial statements by banks in order to provide information about the financial status and operating results of the parent banks as a whole.

**Basis**

**ARTICLE 2-** (1) This Communiqué has been prepared on the basis of Articles 37, 38 and 93 of the Banking Law Nr. 5411 dated October 19, 2005 and article 4 of the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks published in the Official Gazette dated November 1, 2006 Nr. 26333.

**Definitions**

**ARTICLE 3-** (1) The following terms used in this Communiqué shall have the meanings expressly designated to them below:

- a) Parent bank: The bank which has subsidiaries and/or joint ventures and established in Turkey by which financial statements of partnerships included in the group are consolidated,
- b) Subsidiary: Subsidiary defined in the Article 3 of the Law,
- c) Bank: Banks defined in the Article 3 of the Law,
- ç) Joint venture: Partnership established domestically or abroad which the parent bank controls together with other groups including joint ventures and ordinary partnerships within the framework of a partnership contract/agreement,

- d) Financial holding company: Financial holding companies of which qualification and scope is determined pursuant to the Article 4 of the Regulation on Financial Holding Companies defined in the Article 3 of the Law and published in the Official Gazette dated December 1, 2006 Nr. 26333,
- e) Group: The association established domestically or abroad which the same investor group controlled, under the parent bank, even if they operate under a separate legal entity,
- f) Association: Partnership established domestically or abroad in which the parent bank has a capital contribution and significant influence albeit with a lack of control,
- g) Law: The Banking Law Nr. 5411,
- ğ) Consolidated financial statements: Financial statements where the financial statements of a group are presented as the financial statements of a single partnership,
- h) Control: Control defined in the Article 3 of the Law,
- ı) Agency: The Banking Regulation and Supervision Agency,
- i) Qualified share: Qualified share defined in the Article 3 of the Law,
- j) Turkish Accounting Standards: Turkish Accounting Standards and Turkish Financial Reporting Standards put into force by the Turkish Accounting Standards Board and annexes and comments thereof.

### **Significant influence**

**ARTICLE 4-** (1) Significant influence refers to the power to participate in the establishment of financial and administrative policies of the partnership which is being participated in. If the parent bank has qualified share in the partnership that is being participated, unless otherwise proved, it is accepted that it has significant influence in that associate. The existence of another investor holding significant amount or majority ownership does not pose an obstacle for the parent bank to have significant influence in that associate.

(2) Existence of matters such as representation in board of directors or an equivalent unit of the associate that is being participated in, participation to policy making process of the partnership that is being participated in, changeability of management staff of the subsidiary with management staff of other partnerships within the group are accepted as significant influence indicators.

## SECTION TWO

### Preparation of Consolidated Financial Statements

#### Obligation of financial statement regulation

**ARTICLE 5-(1)** Parent banks are obliged to prepare consolidated financial statements by implementing Turkish Accounting Standards by the end of the year and by the end of March, June and September, by providing that they shall be presented as a single enterprise with their partnerships in credit institution or financial institution nature, except the exceptions determined in the paragraph 4, 5, 6 for constituting a basis to limiting and rates in consolidated basis predicted in the Law

(2) Operating in different sector of the partnerships included to the group does not constitute obstacle to prepare consolidated financial statements. Preparing consolidated financial statement does not remove the obligation of the parent bank's preparing non consolidated financial statements.

(3) **(Amended OG: 20/9/2013-28771)** Banks in the state of the subsidiary, joint venture, or associate of a domestic bank or financial holding firm prepare consolidated financial statement within the scope of principles and procedures determined in this article

(4) On condition to certify with documents to be taken from public authorities, in case of the fact that there existed significant restrictions in acquiring the required information and financial statement by the bank for regulating consolidated financial statements due to legal restrictions in the country which the partnership abroad was established, the financial statements belonging to the said partnership shall not be included into scope of consolidation.

(5) **(Amended OG: 23/1/2011-27824)** Subsidiaries, associates and joint ventures of which financial statements are not consolidated within the scope of the fourth paragraph are accounted at their acquisition cost in financial statements or according to the related Turkish Accounting Standards.

(6) **(Amended OG: 23/10/2015-29511)** Parent banks are obligatory to , without considering if they carry the qualification of credit institution or financial institution by the end-June, by providing to present them as a one enterprise with their partners, prepare consolidated financial statements which its qualification and the content shall be determined by the Board, by implementing Turkish Accounting Standards and to publish that on the official web-site of them in four months at the latest following the

period it shall be prepared. The Board is authorized to make the said financial statements to be subject to independent audit obligatory within the scope of the provisions of the Regulation on Independent Audit of Banks which was published in the Official Gazette dated 2/4/2015 and numbered 29314.

**(7) (Repealed OG: 3/12/2008-27073)**

### **SECTION THREE**

#### **Other Provisions**

#### **Repealed Communiqués**

**ARTICLE 6** – (1) Communiqué on Annual Report published in the Official Gazette dated September 08, 2005 Nr. 25930 as well as the below-mentioned communiqués relating to the Regulation on Accounting Practice published in the repeated Official Gazette dated June 22, 2002 Nr. 24793 are repealed: Communiqué Nr. 1 - Accounting Standards for Financial Instruments, Communiqué Nr. 2 - Accounting Standard for Tangible Fixed Assets, Communiqué Nr. 3 - Accounting Standard for Intangible Fixed Assets, Communiqué Nr. 4 - Accounting Standard on Rental Transactions, Communiqué Nr. 5 - Accounting Standard for Transactions made by Bank with the Risk Group its Included in, Communiqué Nr. 6 - Accounting Standard for Bank Mergers and Acquisitions as well as Partnerships Acquired by Banks, Communiqué Nr. 7 - Accounting Standard for the Value Decrease of Assets, Communiqué Nr. 8 - Accounting Standard for Provisions, Conditional Liabilities and Assets, Communiqué Nr. 9 - Accounting of Government Incentives and Standard for Explanation of Government Aid in Footnotes, Communiqué Nr. 10 - Accounting Standard for the Rights of Bank Personnel, Communiqué Nr. 11 - Accounting Standard for Exchange Rate Change Effects, Communiqué Nr. 12 - Accounting Standard for the Changes Made in Term Net Profit/Loss, Basic Errors and Accounting Policies, Communiqué Nr. 13 - Accounting Standard for the Issues appearing after the date of Balance Sheet, Communiqué Nr. 14 - Accounting Standard for the Arrangement of Financial Statements in High Inflation Periods, Communiqué Nr. 15 - Standard for Arrangement of Consolidated Financial Statements, Accounting of Affiliates, Jointly Controlled Partnerships and subsidiaries, Communiqué Nr. 16 - Accounting Standard for the Arrangement of Cash Flow Statement and Communiqué Nr. 18 published in the Official Gazette dated August 12, 2004 Nr. 25551- Accounting Standard for Taxes.

**Practice for comparative financial statements**

**PROVISIONAL ARTICLE 1** – (1) The obligation for the preparation of comparative consolidated financial statements to be arranged pursuant to paragraph 3 and 9 of Article 5 shall not be applied until December 31, 2007.

**Entry into Force**

**ARTICLE 7** – (1) This communiqué enters into force on the date of its publication.

**Enforcement**

**ARTICLE 8** – (1) The provisions of this Communiqué are enforced by the Chairman of the Banking Regulation and Supervision Agency.