

With its Implementing Decision no. 2016/2358 dated 20.12.2016, the European Commission acknowledged that the regulatory and supervisory framework of the Turkey's banking sector is equivalent to the European Union (EU) legislation in terms of the EU Regulation 575/2013 on Prudential Requirements for Credit Institutions and Investment Firms.

Accordingly;

- The high risk weights applied by the European banks to Turkish central government and Central Bank and banks due to non-equivalence will be reduced to the risk weights applied to the level of equivalent countries,
- Turkish banks that are the subsidiaries of the EU banks which were negatively affected by non-equivalence in the consolidation process before the decision will be advantageous in terms of capital costs,
- Investments of Turkish banks operating in the EU to Turkey will be advantageous in terms of capital costs as the risk weights for their investments in Turkey may decline.

It is expected that, by this Decision, benefits will be provided in terms of access to resources and cost that will be obtained from the EU. Similar to the results of the Regulatory Consistency Assessment Program (RCAP), which was previously held by the Basel Committee on Banking Supervision, this Implementation Decision also confirmed that the Turkey's banking regulatory and supervisory framework is fully in line with international standards.

Respectfully announced to the public.