



CIRCULAR NUMBER: 2022/116eng

June 25, 2022

BRSA DECISION IMPOSING LIMITATIONS ON THE USE OF BANK LOANS BY COMPANIES SUBJECT TO INDEPENDENT AUDIT HAS BEEN PUBLISHED

With the BRSA decision dated June 24, 2022 and numbered 10250, regulations restricting the use of TL denominated cash commercial loans by companies which are subject to independent audit in accordance with the Decree Law No. 660 and related regulations, other than banks and financial institutions, were introduced.

For the purposes of the regulation, the term "Company" is defined as companies that are subject to independent audit in accordance with the Decree Law No. 660 and related regulations, other than banks and financial institutions

Pursuant to said decision, as of June 24, 2022;

1. Companies whose Foreign Currency Cash Assets Exceed TL 15 million on the Date of Loan Application

If the Turkish Lira equivalent of the foreign currency cash assets (including gold, foreign currency banknotes and foreign currency deposits in banks) of companies which are subject to independent audit in accordance with the Decree Law No. 660 and related regulations, other than banks and financial institution, (*Company*) exceeds TL 15 million as of the date of loan application;

1.1. In the event that the foreign currency cash assets of these Companies **exceed 10%** of the higher of the total assets or net sales revenue of the last one year according to the most recent financial statements, **no new cash commercial loan in TL will be extended to these Companies,**

1.2. For **companies that are obliged to prepare consolidated financial statements** in accordance with the accounting and financial reporting standards published by the Public Oversight, Accounting and Auditing Standards Authority, this assessment will be made on **consolidated balance sheets.**

2. Companies That Cannot Use Foreign Currency Loans

Limited to the companies that are not allowed to use foreign currency denominated loans in accordance with the relevant legislation, provided that these companies **have determined** that they have a **foreign currency net position deficit** within the three-month period starting from the date of their loan application to the bank by independent audit institutions authorized by the Public Oversight, Accounting and Auditing Standards Authority (independent audit institution) according to the examination to be made on their most recent financial statements and that they apply to the bank with the documents approved by these institutions, cash commercial loans in TL will be extended to these companies **only limited to the said determined position deficit in the three-month period following the application date.**

3. Companies whose Foreign Currency Cash Assets Do Not Exceed TL 15 million on the Date of Loan Application

Provided that companies whose TL equivalent of their foreign currency cash assets do not exceed TL 15 million have their current foreign currency cash assets and total assets according to their most recent financial statements and net sales revenue for the last one year determined by an independent audit firm as of the loan application date, and declare and **undertake that the TL equivalent of their foreign currency cash assets will not exceed TL 15 million during the term of the loan to be utilized**, and that they submit the current value of their foreign currency cash assets, total assets and net sales revenue for the last 12 months as of the end of the previous month to the bank within the first 10 business days of each month in order to ensure the control of said declaration and commitment by the bank, these companies will be exempted from this practice.

4. Exchange Rate to be Used in Calculations

Within the scope of this regulation, the foreign exchange buying rate of the Central Bank of the Republic of Turkey on the date of calculation will be used for calculating the TL equivalent of foreign currency cash assets.

Sincerely,

**DENGE İSTANBUL YEMİNLİ
MALİ MÜŞAVİRLİK A.Ş.**

APPENDIX

BRSA decision dated June 24, 2022 and numbered 10250

(*) The remarks in our circulars are for information purposes only. We recommend that the opinion and support of a qualified counsellor be received before establishing final transactions on the questionable matters. Our company shall not be held responsible for any damages to be incurred as a result of transactions to be made solely on the basis of the statements in our circular.

(**) For opinions, criticism and questions about our circulars, you can contact our specialists below.

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