

## Client Alert

Turkey | February 2025

### **Certain restrictions on loan utilization have been abolished.**

On 6 February 2025, the Banking Regulation and Supervision Board (the “**BRSA**”) has published a decision on the abolishment of the BRSA decisions regarding the proper utilization of loans, as part of coordinated macroprudential simplification steps aimed at strengthening financial stability and ensuring the effective functioning of the credit system. The amendments introduced by the recent decision are as follows:

- (i)** The prohibition on the utilization of Turkish Liras cash loans by companies subject to independent audit, whose foreign currency cash assets (gold, foreign currency banknotes and foreign currency deposits in banks) exceed 10 million in Turkish Liras and 5% of the greater of total assets or net sales revenue for the last one year according to the most recent financial statements, has been abolished and standard loan allocation policies have been restored.
- (ii)** For companies with foreign currency assets below the threshold, the independent audit requirement and declaration obligation regarding certain financial thresholds for cash loan utilization in Turkish Liras have been removed. However, banks retain the right to request information and documents during their loan allocation processes.
- (iii)** In case of non-compliance with obligations, the 500% risk weight previously applied to loans granted to such companies and the restriction on their borrowings has been abolished. This change facilitates access to cash loans in Turkish Liras and reduces operational burdens.
- (iv)** While cash loans in Turkish Liras were previously difficult and costly for companies with high foreign currency assets, this regulation has eased access to such loans by reducing additional administrative procedures and financial burdens.

Please contact us if you need further information on this matter.