

3.5 Explanations on Operating Expenses

The table below shows the distribution of operating expenses incurred for the operational activities of the Bank in the last two years on the basis of the current expenditure items in real (2003) prices.

Table 3.5.1: Distribution of Expenses (with 2003 prices)

	2019 (TRY)	2018 (TRY)	Change (%)
I- Personnel Expenses	259,012,130	236,900,240	9
II- Other Expenses	45,031,233	48,081,091	-6
III- Banknote Printing Expenses	44,434,241	41,744,932	6
TOTAL	348,477,604	326,726,263	7

In 2019 while personnel expenses and banknote printing expenses increased, other expenses decreased compared to 2018.

- Personnel expenses: These expenses cover salaries, fringe benefits, social security payments, social benefits, health and education expenses, travel allowances and outsourcing expenses. The number of Bank staff increased by 2% to 3,890 in 2019 from 3,820 in 2018. Compared to 2018, there was a 9% increase in personnel expenses in real terms. In 2019, the total amount of gross salaries paid to the senior management of the Bank, comprising the Board, the Executive Committee, the MPC and the Auditing Committee members was TRY 11,199,953.
- Other expenses: There was a 6% decrease compared to 2018. This decrease stemmed from the decrease in Consulting and Research Expenses, Expenses of Money in Transit, Rent Expenses, Communication Expenses, Taxes, Duties and Charges, Social Expenses, and Representative Office Expenses.
- Banknote printing expenses: There was a 6% increase in 2019 due to the rise in banknote production amount and the rise in exchange rates.

While performing the main duties assigned to it by the Bank's Law such as issuing banknotes, determining the monetary policy, achieving price stability and managing FX reserves of the country and keeping up with technological developments, the Bank prepares its budget adhering to the principle of frugality in both operating expenses and investment expenditures.