

### 3.5 Explanations on Operating Expenses

The table below shows the distribution of the Banks' expenses 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)

	2020 (TRY)	2019 (TRY)	Change (%)
I- Personnel Expenses	289,567,993	259,012,130	12
II- Other Expenses	63,120,400	45,031,233	40
III- Banknote Printing Expenses	43,374,690	44,434,241	-2
<b>TOTAL</b>	<b>396,063,083</b>	<b>348,477,604</b>	<b>14</b>

In 2020, personnel expenses and other expenses increased, while banknote printing expenses decreased compared to 2019.

- Personnel expenses cover salaries, fringe benefits, social security payments, social benefits, health and education expenses, travel allowances and outsourcing expenses. The number of employees of the Bank, which was 3,890 in 2019, decreased by 10% to 3,515. Compared to 2019, there was a 12% increase in personnel expenses in real terms. In 2020, 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 13,643,812.
- Other expenses: In 2020, other expenses increases by 40% compared to 2019. This increase stemmed from the rise in Social Expenses, Repair and Maintenance Expenses, Taxes, Duties and Charges, and Rent Expenses.
- Banknote printing expenses: There was a 2% decrease in 2020 due to the fall in banknote production amount despite the appreciation in exchange rates.

While performing the main duties assigned to it by the Bank 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.