Evaluation of Annual Reports of Banks in Comparative Perspective

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Received 28 June 2020 Accepted 12 September 2020

ABSTRACT

Banks are one of the essential units of the economic structure today. From the top public authority to the smallest investor, administrators who are responsible for the economy need information about the bank’s financial situation and operational results. This information, required by decision-makers, is given by the annual reports prepared by the bank. The annual reports should be presented in a clear, understandable, and comparable way to meet the required information of the relevant decision-makers. The purpose of this study is to analyze the content of annual bank reports from a comparative perspective. In this framework, Introduction, Corporate Governance, Financial Reporting, and Activities Analysis and Evaluation of the Annual Reports of JP Morgan Chase Bank, which is the United States’ largest bank, and is the bank of Turkey, which is Turkey’s largest private sector bank, were compared by total assets by the end of 2019 with this study. The differences between the banks were tried to be determined, and the determined differences were evaluated according to their level of importance.

Keywords: Bank, Annual Reports, Financial Reporting

Introduction

The ongoing economic and technological developments today lead to facilitate and increase of banking activities among different countries and, as a result, direct banks to operate outside their own countries. This trend increases the number of internal and external users who are interested in the financial reports prepared by banks. For this reason, although banks operating in different countries render their financial information to different users, the legislation on this issue may vary from country to country, and the local business culture of banks may differ too.
The financial information of the banks is revealed through the annual report they prepare. These reports should not differ in content and form by different banks operating in different countries. Those interested in the annual reports of banks can be a small or institutional investor interested in the bank’s shares, legal decision-makers, professional organizations, press members, researchers, etc. The fact that the annual reports differ among the banks by the countries may cause the people who need these financial reports to fail to make the comparison they desire to form the basis of their decisions (https://www.inc.com/encyclopedia/annual-reports.html).

The healthy functioning of international trade obliges reporting of the same activity in the same form and content and accordingly investment, research, etc. whatever the planned operation and making a quick decision for this issue without any unnecessary waste of time. On the other hand, economically, banks help with their funding and transfer functions to economic growth. Besides, being among the critical institutions of the financial system and improving the state to implement the economic and fiscal policies make banks essential institutions. These functions of banks also reveal the importance and necessity of monitoring banking activities. The negativities of these organizations, unlike other enterprises, will be able to create more significant effects and harm the economies of the countries. The crises experienced by the banking system can come into effect the country’s economies and with the impact of globalization, even the world as being in the last 2008 crisis (Gürol, 2016).

The annual reports of the banks must be essentially similar in content and form for the reasons that are explained. This study aims to address the differences in the organization of the annual reports of JP Morgan Chase Bank, which is the United States’ largest bank and Is the bank of Turkey, which is Turkey’s largest private sector bank by total assets by the end of 2019 and to make suggestions by evaluating the effects and results of these differences. In this study, it is mentioned the basics of annual reports and financial reporting in banks initially. Then the legal infrastructure and related applications about annual reports of banks in the United States and Turkey are tackled. In the last part of the study, the activity reports of the selected banks were compared, and evaluation results were tried to be presented.

Annual reports and financial reporting in banks
Annual Reports are an important form of reporting that provides information to all related environments about the business, which aims to comply with the policies, methods, and rules set by the legislator prepared for financial information users. Individuals, groups, or institutions such as the owner, partners, managers, employees, creditors, suppliers, customers, the public, which are expressed as the stakeholders of the business, have to make different decisions about the business every day (http://docshare02.docshare.tips/files/28519/285197124.pdf).

Since decision making is the process of choosing the most suitable one among the alternatives developed for a purpose or solution of a problem, the main element in both the development of solution alternatives and the selection process is the relevant information. Without timely, comparable, accurate, reliable, and understandable information, it will not be possible to make the right decision. Information about the business is conveyed to the business stakeholders through annual reports. Without annual reports, it is not possible for
business stakeholders to obtain information about the business and to make an accurate decision accordingly (Bozdogan & Ozen, 2013).

Financial reports constitute the source of the financial data necessary for the economic decisions that users will take. For the users to use financial reports rationally and for the reports to be effective in this sense, the reports must be prepared and presented in a clear and understandable structure. In particular financial reporting should help to make decisions about the financial situation and performance level in the current year and potential performance in the coming years (Bozdogan & Ozen, 2013).

Also, it can be thought that the presentation of financial statements comes from the importance given to financial reporting internationally, being at first in the International Accounting Standards and parallel with this in our country, the “Presentation of Financial Statements” standard under the name TMS1.

Financial reports are included as part of the activity reports. Whether they are private or public sector, institutions present their financial reports to the information of those concerned with the activity reports they prepare.

**Qualitative Characteristics of Financial Statements**

Financial statements may be useful for users only if they have some qualitative features. According to identified as TMS1 in The Accounting Standards of Turkey compatible with International Financial Reporting Standards, these features are given below:

**Understandability**

The information presented in the financial statements should be understandable. The fact that the people who use the information cannot understand the information presented eliminates the benefit of the information. The information provided from the financial statements should be suitable for those who can reasonably understand business and economic activities and that those who are willing to analyze the information with reasonable care.

**Convenience to Requirement**

For the information to be useful, it must be suitable for the needs of the users. If financial information enables the evaluation of past, present, and future events or to determine the accuracy of past evaluations, it can be mentioned that it is suitable for the needs of users. It is not sufficient for this information to be just useful to ensure compliance with financial needs; information should also be timed.

**Reliability**

The information must be reliable to be useful. If the information does not contain significant errors, it is not biased and has reasonably explained a particular subject, the reliability feature of the information can be mentioned. At the same time, as a requirement of the reliability feature, this information should have the characteristics of being impartial, provable, and sufficient. When the information is free from material error and prejudice, it is considered reliable, and it reflects the facts. Financial statements and annual reports produced, especially for external users, have important places in obtaining the financial information necessary for evaluating the financial performance of the institution and
mak making economic decisions. The information with the audited statements becomes a reliable source of information for the users.

**Comparability**
Those who use financial information should have the opportunity to compare their financial statements so that they can keep track of changes in an entity’s financial status and activities over some time. Users should also be able to compare this business with another business and have the opportunity to evaluate their specific financial situation, results of operations, and changes in their financial status. Thus, how the financial effects of similar transactions and other events are measured and demonstrated in both this business and other businesses can be consistently tracked over time.

**The Principles of corporate governance**
In essence, the Corporate Governance Principles determine the legal infrastructure in the preparation of activity reports, and annual reports are prepared within the framework of these principles. ‘Corporate Governance’ can be defined as the structure that optimizes the interests of business stakeholders. Fairness, Transparency, Accountability, and Responsibility are the main corporate governance principles (http://www.tkyd.org/Handbook.pdf).

**Fairness Principle**
Fairness represents the equal treatment of all shareholders by the company management. Under this principle, shareholder rights, including the minority shareholder and foreign partners, are protected.

**Transparency Principle**
Transparency represents the need to publicly share accurate, clear and comparable information at the right time and the right place since the investors can direct their resources effectively only when they have accurate and satisfactory financial and non-financial information.

**Accountability Principle**
The framework of corporate governance must include the strategic guidance of the company, effective monitoring of management by the board of directors, and the board’s accountability towards the company and its shareholders.

**Responsibility Principle**
Responsibility represents the operation of the company by rules and regulations that reflect society’s values while creating a profit for shareholders. It is accepted as a general expectation that banks prepare their annual reports within the framework of corporate governance principles.

**Preparation of Annual Report in Banks and the Legal Status**
The banks in Turkey present their financial statements to the relevant legal (Borsa Istanbul, CMB, and BRSA) and professional (Turkey Banks Association) institutions to present them to the public under Banking Regulation and Supervision Agency (BRSA) regulations
and the banks that are open to the public are also following the regulations of the Capital Markets Board (CMB). They also publish on the public disclosure platform (PDP) and their website. In addition to legal obligations, corporate governance principles are at the core of this information sharing. Unconsolidated and consolidated financial statements issued by banks and their explanations and details such as management structure, committees, senior managers, determined vision, mission, etc. are prepared as an annual report along with other additional information and presented to the public and legal and professional organizations. There may be differences between banks in terms of form and content apart from the legal minimum conditions in the preparation of annual reports (CMB, Communiqué on Corporate Governance).

In Turkey, banks prepare their financial statements according to the regulation “Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Report by Banks” issued by BRSA in 2006.11.01 and numbered 26333 promulgated in the Official Gazette of Turkey. Article 1 of the Regulation addresses the issue of organizing annual activity reports within the framework of corporate governance principles. Article 6 of the Regulation provides information on the content and sections of the annual activity reports. In the 7th article of the regulation, the subjects that the consolidated financial statements should be given in a separate section are included. According to these articles, it has been regulated that the annual report should consist of 4 parts: introduction, management and corporate governance practices, financial information and information related to risk management, and consolidated financial reports and contain the information specified in the regulation as of the sections. Banks operating in the USA prepare annual reports in accordance with the principles regarding the Form 10-K regulatory requirement issued by SEC (Securities and Exchange Commission) based on the 1934 Stock Exchange law (https://www.sec.gov/about/forms/form10-k.pdf). According to the Form 10-K arrangement, the following information is foreseen to be included in annual reports:

- There is information about the company’s activity, risk factors, unresolved staff comments, properties, and legal proceedings in Section 1;
- There is information about the market for registrant’s common equity, related stockholder matters and issuer purchases of equity securities, selected financial data, management’s discussion and analysis of financial condition and results of operations, quantitative and qualitative disclosures about market risk, financial statements, and
supplementary data, Changes in and Disagreements With Accountants on Accounting and Financial Disclosure, etc. in Section 2;

- There is information about directors, executive officers and corporate governance, executive compensation, security ownership of certain beneficial owners and management and related stockholder matters, certain relationships, and related transactions, and director independence, principal accounting fees, and services in section 3;
- There is information about all financial statements, including subsidiaries and affiliates, financial statement schedules in section 4.

Comparison of the annual bank reports
Although Turkey’s largest bank by total asset as of the end of 2019 is Ziraat Bank, as seen in Table 1 below, due to it is state-owned, JP Morgan Chase Bank and T. Is Bank are selected due to being the largest private banks of their countries.

<table>
<thead>
<tr>
<th>Number</th>
<th>Bank (USA)</th>
<th>T. Asset (billion $)</th>
<th>Bank (Turkey)</th>
<th>T. Asset (million $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>JP Morgan Chase</td>
<td>2.687</td>
<td>TC. Ziraat Bank</td>
<td>109.387</td>
</tr>
<tr>
<td>2</td>
<td>Bank of America</td>
<td>2.434</td>
<td>T. Is Bank</td>
<td>78.798</td>
</tr>
<tr>
<td>3</td>
<td>Citigroup</td>
<td>1.951</td>
<td>T. Halk Bank</td>
<td>76.944</td>
</tr>
<tr>
<td>4</td>
<td>Wells Fargo</td>
<td>1.926</td>
<td>T. Vakıflar Bank</td>
<td>70.610</td>
</tr>
<tr>
<td>5</td>
<td>Goldman Sachs</td>
<td>993</td>
<td>Garanti BBVA</td>
<td>65.851</td>
</tr>
</tbody>
</table>

Source: https://www.ffiec.gov/npw/Institution/TopHoldings

Before comparing the annual reports of both banks in terms of content, these reports were tried to be analyzed within the framework of legal regulations.

Review of the Annual Report of T. Is Bank from the Legal Regulations Perspective
The evaluation is tried to make for the T. Is Bank annual report based on the “Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Report by Banks” promulgated by the BRSA on this issue.

T. Is the bank’s 2019 annual report consists of 4 sections: Introduction, Activities, Corporate Governance, and Financial Information and Risk Management. The report consists of 340 pages excluded the covers; the introduction section consists of 19 pages and constitutes 6% of the total; the activities section consists of 56 pages and constitutes 16% of the total; the Corporate Management section consists of 28 pages and constitutes 8% of the total and the last section, financial information, and risk management, consists of 237 pages and constitutes 70% of the total (Is Bank, 2019 annual report).

According to the regulations, the T. Is Bank has consolidated financial statements, so that the 7th as the article is also activated, the activity report must consist of 4 departments, including presentation, management, and corporate governance practices, financial information and information about risk management, and consolidated financial reports. It should contain the information specified in the regulation as of departments.

Some of the information that must be in the introduction section of the annual report is rendered in the activities section.
Nevertheless, it is not mandatory by the regulation, but given the convenience of paragraph 2 of the Article 7; some additional information are given in the introduction part, under the title of “Vision, Objectives, Values, and Strategy of T. Is Bank”, in 2 pages; and in the activities section under the title of “The Global Economy, The Turkish Economy, 2019 Developments in the Banking Sector” in 4 pages (Is Bank, 2019 annual report).

According to the regulation, the information is given in the third part of the annual report under the name of “Corporate Governance” is the information that should be included in the 2nd part of the annual report. However, apart from this information, it is seen that the Information on the General Assembly is included under the Corporate Governance Principles Compliance Statement, Corporate Governance Compliance Report, and Corporate Management Information Form consisting of 10 pages, and Dividend Distribution Policy, Agenda of the General Meeting, Dividend Distribution Proposal consisting of 3 pages that are not specified in BRSA regulation (Is Bank, 2019 annual report).

Since T. Is Bank is also an open corporation. For this reason, it is also liable for the regulations of the Capital Markets Board. It is understood that the mentioned additional information must be in the annual report by force of the regulations of CMB. The regulation named as “Communiqué on Corporate Governance” issued by CMB at 2014.01.03 and numbered 28871, promulgated in the Official Gazette of Turkey, the information should be included in the annual reports by force of The Article 1.6.1 of this regulation under the title Exemptions in Implementation of Corporate Governance Principles.

In the 4th and last part of the annual report titled Financial Information and Risk Management, it is seen some information, especially financial statements for the last two periods, that must be found by the BRSA Regulation. Besides, in the 4th section of the annual report, under the headings of Additional Information Regarding the Related Legislation and Information to Shareholders, It is seen that additional information is given under the subtitiles of Duties T. Is bank Board of Directors’ members perform outside the Bank, Independence declaration of the Independent Board Member, Financial Rights (Is Bank, 2019).

It is stated that the mentioned additional information must be in the annual report in accordance with the provisions of the Regulation on Determination of Minimum Content of Annual Report of Companies promulgated in the Official Gazette edition 28395 dated 28/8/2012, by force of article 8-1-b and 9-1-a,b of this regulation.

In accordance with articles 2, 3, and 4 of the introduction section of the BRSA regulation, the information (main contract amendments, shareholder structure, and changes, share information owned by the managers, etc.) must be in the introduction section. Still, instead of this at the annual report of T. Is Bank, it is seen in the last and the unconsolidated and consolidated financial statements section.

When the issues mentioned above are evaluated together, although there are transitions between sections, it is seen that T. Is bank’s annual report meets the minimum elements in both BRSA and CMB regulations and also gives additional information.
Review of the Annual Report of JP Morgan Chase Bank from the Legal Regulations Perspective

The regulatory and supervisory authority for the annual reports in the USA is SEC (Securities and Exchange Commission). The regulation of this institution regarding the annual reports is the regulation named Form 10-K. The evaluation is tried to make based on The Forms and Explanations about JP Morgan Chase Bank’s annual report.

The 2019 annual report of JP Morgan Chase Bank, the largest bank in the USA, consists of 304 pages and five sections excluding covers. The first section, which is not named as a section and consists of 40 pages constitutes 13 % of the total, two pages of the 2nd part named Financial constitutes 1 % of the total, 100 pages of the 3rd section named Management’s Discussion and Analysis constitutes 33 % of the total, the 4th section titled Audited Financial Statements consists of 145 pages and 47 % of the total, the 5th section titled Supplementary Information consists of 17 pages. It constitutes 6 % of the total (JP Morgan Chase Bank, 2019 annual report).

JP Morgan Chase Bank’s 2019 annual report includes more than the information specified in Form 10-K regulation. The section where the information provided by The Chairman and Chief Executive Officer, The CEO of Consumer & Community Banking, The CEO of Corporate & Investment Bank, The CEO of Commercial Banking, The CEO of Asset & Wealth Management and The Head of Corporate Responsibility written separately can be given as an example of extra information. Although this is stated with a note as “The following pages from JPMorgan Chase & Co.’s 2019, Form 10-K are not included herein: 1-38, 300-311’ on the 39th page of the annual report at the bottom of the table of contents, the annual report consists of 308 pages with covers, not 311 (JP Morgan Chase Bank, 2019 annual report).

Apart from the additional information provided the sections of the Bank’s annual report are essentially in accordance with Form 10-K regulation, and it is seen that the additional information is given the first 38 pages that are not named like the section and after the Supplementary Information section, which is the 5th section. The reason for giving extra information can be stated that the annual report is seen as a marketing tool related to public disclosure for the public shares and the Bank’s legal entity.

After reviewing the annual reports of both banks within the framework of legal regulations, the annual reports will be evaluated by comparing them with each other in terms of content in the next part of the study. Although it is possible to compare two banks in terms of basic accounting and within the framework of compliance with the principles of corporate governance such that transparency, accountability, responsibility and fairness, it is assumed that the stated principles are respected as both banks use independent audited financial statements following the legal regulations in their countries and prepare annual activity reports within the framework of corporate governance principles. The huge financial burdens incurred due to errors in accounting and risk management transactions such as Enron and Lehman Brothers in the USA and due to the banking sector originated economic crisis in Turkey in 2001, which have resulted in the strict follow-up of the sector in both countries.
Evaluation of Bank’s Annual Reports in Terms of Content

Content analysis of Annual Reports consists of four basic parts: Introduction, Corporate Governance, Financial Reporting, and Analysis, and Evaluation of Activities. These are tried to be evaluated according to the area occupied in the annual report of T. Is Bank.

Evaluation of Financial Reporting Sections:

The most important parts of the annual reports of both banks are the Financial Reporting section in which consolidated financial statements are presented. Unconsolidated and consolidated financial reports of T. Is Bank are provided in one section consisting of 237 pages, corresponding to 70% of the total. In contrast, the same section of JP Morgan Chase Bank corresponds to 47% of the total and consisting of 145 pages. This difference in the number of pages is mainly because T. Is Bank has a large number of affiliates, especially from non-financial sectors, and the financial statements are presented separately, both unconsolidated and consolidated. Since there are no unconsolidated financial statements in the annual report of JP Morgan Chase Bank, the given financial statements are all consolidated.

When these sections of both banks are compared, the following points have been observed:

The financial reporting section of the annual report of T. Is Bank is divided into two sub-sections, namely unconsolidated and consolidated financial reports, and these two sections are divided into seven sub-sections, a separate table of contents is given independently from the main table of contents for these sub-sections at the 118th and 220th pages, separate auditor views are included for each section before unconsolidated and consolidated financial reports issued.

In the first sub-sections, where the content titles are the same in both main sections, general information is given about the bank such as establishment date, Chairperson and Members of the Board of Directors, Chief Executive Officer, and Deputy Chief Executives, very short information about share structure, etc.; in the second subsections there are the balance sheet, off-balance-sheet accounts, profit and loss statement, income statement, cash flow statement, statement of changes in shareholder’s equity and statement of profit appropriation belongs to the last two years, in third subsections, there are explanations regarding accounting policies, in fourth subsections, there are financial structure and risk management information, in fifth subsections, there are explanations and footnotes in financial statements, in sixth subsections, there are the bank’s credit ratings under the name of other explanations and in the seventh sub-sections explanations on the independent audit reports.

When analyzed the financial reporting section of JP Morgan Chase Bank’s annual report, in the given financial statements only the balance sheet data belongs to the last two years, while the others such as income statement, cash flow statement, statement of changes in shareholder’s equity include the data of the last three years; the items that make up the financial statements are examined one by one in the notes sections of the financial statements; and the increase and decrease rates, reasons etc. information is given and analyzes are made; as the analysis made, such information like accounting standards and legislative definitions is given to the reader such a way that he is able to access the information he desires without any need for much comments and studies without boring in detail; rather than giving information to the reader, this information is expressed in a lean
language that contributes to the development of the financial literacy of the reader; the prominent items are explained in detail, on the other hand only short information is given about relatively less important issues, and although it is put to the reader to interpret the figures, many guiding information is reflected in the content of the report.

In this part of the report, instead of giving direct information with many calculations and tables as T. Is Bank did in the footnotes, The Bank has provided detailed information under 33 titles by naming the balance sheet footnotes under the name ‘Note’, in footnotes explanations are made to explain the legislation superficially and describe the information that the reader can obtain from here instead of drowning the reader with tables and figures.

On the contrary, this part of T. Is bank’s annual report consists of giving only the information recorded by the bank in tables and making statements about the accounting standards and legislation in general; according to the sector, the situation and analysis of the big items in the tables have never been mentioned and the main items constituting the financial statements have not been examined individually or partially among themselves; especially in the financial structure and risk management information sections, such additional explanations as to the situation in our Bank, the items that compose this and the calculation details are not given such as the capital adequacy ratio, concerning the first data that comes to mind; in general, in this section, while financial information is expected to be presented in a suitable structure for analysis, only a little give place to analysis and evaluation.

For example; between the pages 149-157 of T. Is bank’s annual report, there are statements regarding credit risk; however, eight pages of this 9 page consisting of only tables and figures, and the information part constitutes only 1 page; but the JP Morgan Chase Bank’s ‘Note 13 - Allowance for credit losses’ heading started on page 237 of the report provides information in 2.5 pages of text without overwhelming with tables and figures; the main explanation regarding the bank’s business risk related to credit risk management is made in the Management’s Discussion and Analysis section of the report (JP Morgan Chase Bank, 2019 annual report; Is Bank, 2019 annual report).

**Evaluation of the activities sections**

The section of the annual report of T. Is Bank that consisting of 56 pages and 16 % of the total and occupying the most space after the financial statements and titled of activities is the section in which titled as Management Discussion and Analysis of JP Morgan Chase Bank’s consisting of 100 pages and 33 % of the total; the main difference between the two sections is the general explanation of the activities performed in T. Is Bank without going into detail, while it is explained in detail in main headings under the financial statements and footnotes in JP Morgan Chase Bank. In addition, the information given in the financial reporting section of T. Is Bank, before the footnotes, in the “Information on the Financial Position and Risk Management of the Bank” subsection, regarding credit risk, currency risk, interest rate risk, etc., is given in JP Morgan Chase Bank in this section.

This part of JP Morgan Chase Bank’s annual report, via opening Credit and Investment Risk Management, Market Risk Management, Country Risk Management, Liquidity Risk Management, etc. 8 different risk management title, is explained how the risk items are managed in detail and given ideas about the bank’s business culture. At the same time, the
detailed explanation like this way is much more general in T. Is the bank’s annual report, as well as it is seen that the given tables are much more than the explanations made.

To exemplify the detailed explanation; regarding the capital adequacy ratios of the bank have been 17.9 % and 16.5 % in the last two years on the different pages of the annual report of T. Is Bank, the figure for the last year has been repeated nine times; as there is no information about how the ratio is calculated, and it is understood that the number shown as a success with the statement “well above the regulatory limit” in page 2 is below the sector average stated on the 24th page of the report in both given years.

Conversely, JP Morgan Chase Bank’s annual report at page 85-89, how is the capital adequacy ratio of the Bank under the Capital Risk Management title; capital and risk factors affecting this figure are examined one by one, and detailed explanations are made; enough information was given about Basel criteria on this subject by making explanations about how the numbers are calculated and what the ratio means; so it is believed that all question marks that may occur in the reader are eliminated with the 5-page information provided; in this sense, considering the entire T. Is bank’s annual report, it is seen that the word Basel, which is mentioned only once on page 105 and integrated with the name of the Banking regulations throughout the world, is 71 times in the JP Morgan Chase Bank’s annual report.

**Evaluation of corporate management sections**

It is seen that the section titled Corporate Governance of the annual report of T. Is Bank is the third most occupying part in the report. This section consists of 28 pages and 8 % of the total. In this section, it is seen that information about corporate governance policies included within the legal obligation, such that information about the dividend distribution related to the general meeting, the bank’s managing bodies and committees, etc. (Is Bank, 2019 annual report).

In the annual report of JP Morgan Chase Bank, there is no separate section called Corporate Governance; similar information on management bodies and committees is provided in the Supplementary Information section on the last pages of the report; contrary to being in T. Is bank’s annual report. It is seen that the educational status and professional experience of the members of the board and executives are not included; this mandatory information about the managers in T. Is bank’s annual report is as per article 6-1-b-1 of the BRSA regulation mentioned above.

In the annual report of JP Morgan Chase Bank, the information on the field of Corporate Governance only is the explanations of the top manager responsible for the field; the report is directed to the Bank’s website for detailed corporate policies regarding Corporate Governance under the title of Shareholder Information after the Supplementary Section on page 307; however, instead of explaining the compliance with corporate governance principles in JP Morgan Chase Bank to fulfill the legal requirements, especially with detailed explanations in the section named Management’s Discussion and Analysis, even if a clear statement is not made in the report, it is understood that corporate governance is internalized as a factor of corporate culture (JP Morgan Chase Bank, 2019 annual report).

**Evaluation of the introduction sections**

The Introduction section occupies the least place in the T. Is Bank annual report and has 19 pages which are 6 % of the total; this section includes corporate information, summary
figures selected from the financial statements, information about the bank’s history, vision, values, and strategy of the bank, and messages from the Chairman and the General Manager separately; a similar section can be addressed in JP Morgan Chase Bank’s annual report occupying 40 pages and 13% of the total and two pages and 1% of the total financial figures and 5-year share price performance table as the Introduction sections. If these sections of the annual reports of both banks are compared;

Contrary to JP Morgan Chase Bank, which gave the last five years of share price performance in a tabular form, there is no information in the report of T. Is Bank about the share price. However, it is a public company, and its shares are traded on Borsa Istanbul. While only the 2-page messages of the Chairperson and the CEO are included in T. Is Bank, it is seen that a 22-page long message of the Chairman and Chief Executive Officer and five other senior executives’ detailed messages related to their subjects in the section of JP Morgan Chase Bank.

The Supplementary Information section of JP Morgan Chase Bank’s annual report is the section that does not exist in T. Is bank’s annual report; in this section, it is seen that the unaudited selected financial details of the Bank quarterly, their rates and distributions and a Glossary of Terms and Acronyms are included; it can be stated that especially the dictionary part is very useful for low financial literacy readers who try to understand the financial information given in the report (JP Morgan Chase Bank, 2019).

Conclusion
Annual reports are the most important corporate communication tool to ensure accountability and financial transparency in terms of corporate governance principles and to measure the optimum distribution of resources among stakeholders. They are also the leading sources of information in evaluating corporate performance and making decisions in this direction. Therefore, the degree of accuracy of the economic decisions to be made is related to the quality of the annual reports. It is expected that the annual reports should be prepared in a structure that will provide corporate accountability and financial transparency in a reliable, open, understandable, and comparable manner to meet the needs of those concerned, and that will express the resources are optimally distributed among stakeholders. The information should be prepared openly to analyze at a general level. The impact that they will engender on economic growth, especially through funding and transferring, and being the leading institutions of the financial system, increase the expectation in the preparation of annual reports of banks and significantly affect their image in the society.

Through the framework, the annual reports prepared by JP Morgan Chase Bank and T. Is Bank, which is considered to have an advanced reporting system since they are the largest private banks of their countries, have been trying to be evaluated in a comparative perspective in this study.

As a result of this comparative evaluation, it can be said that JP Morgan Chase Bank has prepared a more comprehensive and advanced annual report in comparison to T. Is Bank in the measurement and evaluation of corporate performance, ensuring corporate accountability and financial transparency. Although both banks provided similar information in their annual reports, as required by universal rules such as Basel regulations and corporate governance principles, as well as local regulations parallel to these universal
rules, it can be stated that JP Morgan Chase Bank provided the explanations in a manner more detailed way and open to analysis to users of information. In this sense, it can be stated that the comprehensive and detailed explanation analysis and presentations in the annual report prepared by JP Morgan Chase Bank are satisfactory, that the bank’s annual report is in a form that absorbs the corporate governance principles and internalizes the banking culture, which can be considered as evidence for information users. In this way, it will contribute significantly to the Bank’s corporate image and carry out its activities effectively and efficiently.

Although JP Morgan Chase Bank’s annual report was given thoroughly and more detailed information through the analysis related to footnotes, and the glossary supported even this information at the end of the report, no explanatory definitions such as the glossary of terms were found in the annual report of T. Is Bank. The current situation of Turkey’s biggest and open corporate, private Bank T. Is the bank’s annual report will be prepared in a further enhanced way, and the report can be taken as an example by other banks in the sector. It will generate a benchmark impact resulting from developing in the banking sector and the financial markets. Hence, it is foreseen that there can be many positive contributions, such as the increase in the level of general economic development in Turkey.

It can be said that Banks’ future annual reports can easily provide financial and managerial information to readers with low levels of financial literacy, a brief explanation of the financial concepts used will be given, statements will be made by giving brief and concise explanations on the issues of directing management such that Basel criteria, sustainability, the sensitivity of environment, priority of production and exporter, and explanations will be made on why management preferences are in that direction, and that the interests of the bank’s stakeholders are optimized by applying corporate governance principles inner; after all, it can be stated preparation like this way may be more beneficial for all economy-related environments especially the banking sector.

As annual reports are prepared in this direction, users of information in general level can obtain financial information without the need short analysis made by more specialists such as financial analysts and economists; thus, it is hoped that the annual reports will be used as a marketing tool as well as being the leading source of reference for the bank.

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