

**By the Banking Regulation and Supervision Agency:**

**REGULATION ON MEASUREMENT AND EVALUATION OF  
LIQUIDITY ADEQUACY OF BANKS**

*(Published in the Official Gazette dated November 01, 2006 Nr. 2633)*

**SECTION ONE**

**Objective and Scope, Basis and Definitions**

**Objective and Scope**

**ARTICLE 1** – (1) The objective of this Regulation is to regulate the procedures and principles for achievement and maintenance by banks of adequate levels of liquidity in order to meet their liabilities with their assets.

**Basis**

**ARTICLE 2** – (1) This Regulation has been prepared on the basis of Article 43(1) and Articles 46 and 93 of Banking Law Nr 5411 dated 19/10/2005.

**Definitions**

**ARTICLE 3** – (1) The following terms used in this Regulation shall have the meanings expressly designated to them below:

- a) Bank(s): Bank(s) which are defined by Article 3 of the Law
- b) Law: Banking Law Nr 5411
- c) Board: Banking Regulation and Supervision Board
- d) Agency: Banking Regulation and Supervision Agency
- e) Central Bank: Central Bank of the Republic of Turkey
- f) Total liquidity adequacy ratio: Ratio of assets in terms of Turkish Lira and foreign currencies to liabilities in terms of Turkish Lira and foreign currencies in respect of the slices of terms
- g) Foreign currency liquidity adequacy ratio: Ratio of assets in terms of the foreign currencies to liabilities in terms of the foreign currencies in respect of the slices of terms

**SECTION TWO**

**Procedures concerning the slice of terms and calculation**

**Slices of terms**

**ARTICLE 4** – (1) The table below sets forth the slices of terms to be taken as a basis in calculation of the total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios.

Slice of term	Period before term
First slice of term	0 to 7 days
Second slice of term	0 to 31 days

**Assets and liabilities to be taken into consideration in calculation of total liquidity adequacy ratio and total foreign currency liquidity adequacy ratio**

**ARTICLE 5** – (1) in calculation of total liquidity adequacy ratio and total foreign currency liquidity adequacy ratio,

- a) **(Amended paragraph: OG-9/6/2007-26547)** The following are taken into consideration on the basis of their stock values irrespective of their respective terms in respect of the ratios indicated by the notification schedule covered by Annex 1 and Annex 2: cash positions, effective depots, sight / call unattached accounts opened with the Central Bank, due securities, depots of precious metals, checks purchased, sight / call unattached accounts opened with banks, overseas head offices and branches, overnight receivables from the interbank money market, compulsory reserves, sums of principal of debtor current accounts as well as liquidity bills issued

by the Central Bank and followed under securities available for sale, government securities issued by the Undersecretariat of the Treasury, central management of the countries as well as central banks or by the guarantee thereof, bills and bonds issued by the credit institutions having first grade rating notes in foreign countries having first grade rating notes or by the banks established in Turkey or by the guarantee thereof, shares quoted with the Stock Exchange, revenue sharing certificates, investment funds participation certificates and public borrowing instruments issued by the Undersecretariat of the Treasury which are monitored as part of securities to be held up to respective terms and terms of which are not taken into consideration and income sharing bills and sight savings accounts, sight foreign currency deposits, sight public, commercial and other entities' deposits, sight accounts for depots of precious metals, sight interbank deposits, private current accounts, overnight debts to the interbank markets, sight borrower funds, credit card expenditure limit commitments, credit allocation commitments having usage guarantee, purchase guarantees in the issue of securities, letters of guarantee and guarantees granted for cash assurance as well as other sight non-cash loans and commitments,

b) **(Amended paragraph: OG-9/6/2007-26547)** Cash entries and exits of other assets and liabilities concerning principal, income and expenditure as well as interest accruals are taken into consideration on the basis of the ratios covered by the notification schedule in Annex 1 and Annex 2 in respect of the periods before respective terms.

c) **(Additional subparagraph: OG-9/6/2007-26547)** in the account relating to income and expenditure as well as interest accruals and rediscounts unless the opposite is determined in the notification schedule in Annex 1 and Annex 2.

(2) **(Amended paragraph: OG-9/6/2007-26547)** Any assets and liabilities with no terms and do not create any cash movements and interest and revenue rediscounts concerning assets which are measured over redemption cost calculated by effective interest method and interest and expense rediscounts concerning liabilities are not taken into consideration in calculation of total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios.

(3) **(Amended paragraph: OG-9/6/2007-26547)** On the notification schedule covered by Annex 1 and Annex 2, the lines of Private Current Accounts – Natural Persons, Private Current Accounts – Legal Entities, Private Current Accounts – Banks, Participation Accounts, Natural Persons, Participation Accounts - Official, Commercial and Other Entities, Participation Accounts – Banks, Participation Accounts Particular Fund Pools - Natural Persons, Participation Accounts Particular Fund Pools - Official, Commercial and Other Entities Participation Accounts Particular Fund Pools – Banks lines are left blank by the deposit banks and participation and investment banks; the lines of savings deposits / Time – Sight, Foreign Currency Deposits / Time – Sight, Official, Commercial and Other Entities Deposits / Time – Sight are left blank by the participation banks and development and investment banks.

#### **Securities covered by transactions involving repo, reverse repo and securities loan market and extended as guarantees**

**ARTICLE 6** – (1) in calculation of total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios, securities covered by repo transactions are considered by the bank performing repo throughout the term of the repo and securities covered by the lending transactions in the securities lending market are considered by the bank lending such securities throughout the term of the lending transaction on the basis of the periods before respective terms in respect of the ratios

meeting the classification under the relevant group of accounts as covered by Annex 1 and Annex 2.

(2) Securities extended as guarantees are included in calculation of the total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios on the basis of ratios of consideration corresponding to the classification under the respective group of accounts as covered by Annex 1 and Annex 2 according to the period before lifting of such guarantees.

**Government securities of the Republic of Turkey and revenue sharing bills of the Republic of Turkey monitored as part of accounts of securities to be held up to terms**

**ARTICLE 7** – (1) Government securities and revenue sharing bills issued by the Undersecretariat of the Treasury, which are monitored as part of accounts of securities to be held up to respective terms are taken into consideration in calculation of the total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios on the basis of their stock values regardless of their terms. However, banks may include the periods before terms as regards such bills, which are within the relevant slices of terms, in calculation by considering their terms.

**Foreign currency indexed assets and liabilities**

**ARTICLE 8** – (1) Any foreign currency indexed assets and liabilities are not taken into consideration in calculation of total foreign currency liquidity adequacy ratios; they are taken into consideration in calculation of the total liquidity adequacy ratios as assets and liabilities in terms of the Turkish Lira, not in terms of foreign currencies to which they are indexed.

**Non-cash credits and commitments (Amended paragraph: OG-9/6/2007-26547)**

**ARTICLE 9** – (1) Those of non cash credits and commitments, which have an obligation of payment on their respective terms, are included in calculation of the total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios by taking into account the periods before respective terms.

**Syndication loans**

**ARTICLE 10** – Syndication loans are not included in calculation of the total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios in case an application is made to the Agency with information and documents certifying that they will be renewed on their terms at least forty five days before such terms and that this is accepted by the Agency.

**Derivative financial transactions**

**ARTICLE 11** – (1) in calculation of total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios;

a) derivative financial transactions, which are traded in the exchange and priced at the exchange rates and have no cash entries and exits until their respective terms, are taken into consideration as assets or liabilities in the slice of terms corresponding to the periods before respective terms on the basis of their exchange rates.

b) derivative financial transactions, which are not traded in the exchange and have no cash entries or exits until respective terms, are taken into consideration as assets or liabilities under the respective slices of terms corresponding to the periods before the terms of transaction on the basis of their nominal values.

c) derivative financial transactions having cash entries and exits until their respective terms are included in calculation by considering each cash movement for its respective term as assets and liabilities in the order of cash entries and exits which will form due to such transactions.

d) Assets and liabilities concerning option contracts are included in calculation by adding up five per cent of the market value to its contract market value.

#### **Determination of periods before terms**

**ARTICLE 12 –** (1) The periods indicated below are taken into consideration in calculation of total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios in determination of the periods of assets and liabilities up to their terms:

- a) The period between the day of calculation and the day when cash flows related to principal or interest and income or expenses become payable
- b) Period of notice in case of a period of notice
- c) Period up to the date of the early payment option for liabilities with an early payment option as per the contractual provisions

### **SECTION THREE**

#### **Minimum liquidity adequacy ratios and notification thereof**

##### **Minimum liquidity adequacy ratios**

**ARTICLE 13 –** (1) The total liquidity adequacy ratio concerning the second slice of terms on the basis of the weekly simple arithmetical average of the total liquidity adequacy ratios related to the first slice of terms may not be less than one hundred per cent; the foreign currency adequacy ratio concerning the second slice of terms on the basis of the weekly simple arithmetical average of the foreign currency liquidity adequacy ratio related to the first slice of terms may not be less than eighty per cent.

(2) The Board is entitled to differentiate the total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios for each bank or for groups of banks and change the ratios of consideration of assets and liabilities in consultation with the Central Bank.

##### **Calculation and notification**

**ARTICLE 14 –** (1) The total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios concerning the first slice of terms are calculated for a period of seven days in respect of each business day as the total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios concerning the second slice of terms are calculated for a period of thirty-one days that follows the last business day.

(2) The schedule concerning the first slice of terms is sent to the Agency by Friday of the week that follows the date of last calculation after calculation is concluded for all the business days of the week as the schedule concerning the second slice of terms is sent to the Agency by Friday of the week that follows the date of schedule calculation for the second slice of terms.

(3) in calculation of the New Turkish Lira equivalents of the sums of foreign currency covered by notification schedules, valuation principles established by the Turkish Accounting Standards and Law as of the date of calculation are implemented.

##### **Non-compliance with the proportional limits**

**ARTICLE 15 – (Amended paragraph: OG-9/6/2007-26547)** (1) Non-compliance may not take place over the ratios concerning the second slice of terms twice in a row within a calendar year.

(2) In case the ratios concerning the first and second slices of terms are less than the ratios indicated by the first sub-clause of Article 13(1), banks are obliged to send justification thereof to the Agency along with schedules.

(3) **(Amended paragraph: OG-9/6/2007-26547)** It is obligatory to eliminate any non-compliance that may occur relating to the first slice of term within the next two weeks. No more than six instances of non-compliance may be realized over the ratios concerning the first slice of terms within a calendar year including any instances of non-compliance rectified.

(4) The Board is entitled to take measures as defined by Article 67 regardless of whether any instances of non compliance have taken place as described by the first and third paragraphs.

**Assets and liabilities calculated over their stock values and hundred percent consideration ratio, calculation and notification (Additional Article: OG-5/4/2008-26838)**

**ARTICLE 15/A** – (1) Weekly simple arithmetic average of the ratio of the sum of cash positions, effective depots, sight / call unattached accounts opened with the Central Bank, due securities, depots of precious metals, checks purchased, sight / call unattached accounts opened with banks, overseas head offices and branches, overnight receivables from the interbank money market, compulsory reserves which are to be calculated over their stock values irrespective of their respective terms to the sum of total deposits, CBRT, Banks, Headquarters and Branches Abroad Accounts and Other Loans excluding quasi-capital loans can not be less than seven percent.

(2) The Board is authorized to change the said ratio on the basis of each bank or bank group.

(3) The notification schedule in Annex -3 to be filled in concerning the calculation of the said ratio is calculated by deposit banks and participation banks for the whole working days of the week and submitted to the Agency, together with the reasons if the ratio is lesser than the minimum ratio stipulated in the first paragraph, until Friday of the week which follows the last calculation date.

(4) It is obligatory to remove the incompliance to occur in the said ratio within two consequent weeks. Incompliance more than six, including the incompliance removed relating to the said ratio, can not be realized in a calendar year.

**Non compliance with the proportional limits by carrying out fictitious transactions**

**ARTICLE 16** – (1) In the event that it is established as a result of inspections to be made that fictitious transactions have been made to meet the total liquidity adequacy ratios and total foreign currency liquidity adequacy ratios regulated by this Regulation, the ratios concerning the relevant periods are re-calculated by deducting the sums corresponding to such transactions from assets and liabilities retrospectively.

**SECTION FOUR**

**Provisional and final provisions**

**PROVISIONAL ARTICLE 1** – (1) The simple arithmetical average of the ratio of the sum of the cash positions, effective depots, sight unattached accounts opened with the Central Bank, funds on the way, due securities, depots of precious metals, purchased checks, sight unattached accounts opened with the banks and overseas head offices and branches, overnight receivables from the inter-bank money market and compulsory reserves to the sum of total deposits, Central Bank of the Republic of Turkey, banks, overseas head office and branches accounts and other credits excluding credits similar to capital to be calculated by banks daily on the basis of stock values irrespective of terms until 1/6/2007 and to be sent by them to the Agency subject to the procedures and principles for submission to the Agency of the total liquidity adequacy ratios for the first slice of terms may not be less than five per cent. No more than six instances of non compliance with the prescribed ratio may be realized including any instances of non compliance rectified until 1/6/2007.

**Implementation concerning FX-indexed assets and liabilities (Additional Article: OG-23/1/2009-27119)**

**PROVISIONAL ARTICLE 2** – In the implementation of Article 8 of this Regulation, FX-indexed assets and liabilities are taken into consideration as FX-denominated assets and liabilities in the calculation of FX liquidity adequacy ratio for eighteen months as of January 26, 2009 and continues to be taken into consideration as TL-denominated assets and liabilities in the calculation of total liquidity adequacy ratio.

**Entry Into Force**

**ARTICLE 17** – (1) The first paragraph of Article 13 of this Regulation as well as the first and third paragraphs of Article 15 hereof enter into force on 1/6/2007 whilst other provisions enter into force as of the date of promulgation.

**Enforcement**

**ARTICLE 18** – (1) The provisions of this Regulation are enforced by the Chairman of the Banking Regulation and Supervision Agency.

















<b>VI</b>	<b>Derivatives Transactions</b>												
6.1	Foreign Currency Sales With a Value Date of Up To Two Days		100%										
6.2	Time Sales Transactions		100%										
6.3	Swap Sales Transactions		100%										
6.4	Futures Sales Transactions		100%										
6.5	Other Debts on Ground of Derivatives Transactions		100%										
<b>VII</b>	<b>TOTAL LIABILITIES</b>												
<b>C</b>	<b>Daily Foreign Currency Liquidity Adequacy Rate (AIX/BVII)</b>			%		%		%		%		%	
<b>D</b>	<b>Daily Total Liquidity Adequacy Rate (AIX/BVII)</b>				%		%		%		%		%

**LIQUIDITY RATES NOTIFICATION SCHEDULE**  
**(Schedule for the Second Slice of Terms)**

A.Ş./T.A.Ş.

EK: 2

Date of Calculation :

				Total (Thousand TRY)	
A	ASSETS	With no elements of terms	Rates		
<b>I</b>	<b>Cash Values and Central Bank of Turkey</b>			FX	TL+FX
1.1	Cash Position	x	100%		
1.2	Effective Depot	x	100%		
1.3	Central Bank of Turkey				
1.3.1	Sight Unattached Accounts	x	100%		
1.3.2	Time Unattached Deposits		100%		
1.4	Funds on the way	x	100%		
1.5	Due Securities	x	100%		
1.6	Precious Metals Depot	x	100%		
1.7	Checks purchased	x	100%		
<b>II</b>	<b>Disposable Securities For Trading Purposes (Net)</b>				
2.1	Liquidity bills issued by the Central Bank	x	95%		
2.2	Public borrowing bills				
2.2.1	Those issued by the Treasury and central governments and Central Banks of OECD countries or pursuant to their surety	x	95%		
2.2.2	Those issued by the central governments and Central Banks of other countries or pursuant to their surety	x	80%		
2.3	Other bills and bonds				
2.3.1	Financial organizations bills and bonds		90%		
2.3.2	Non financial organizations bills and bonds		80%		

2.4	Shares quoted with the Exchange	x	75%		
2.5	Profit and Loss Sharing Certificates		80%		
2.6	Revenue sharing certificates	x	95%		
2.7	Investment Funds Participation Certificates	x	90%		
2.8	Securities covered by repo transactions		95%		
2.9	Receivables from the Securities Borrowing Market and Guarantees to Be Released		95%		
<b>III</b>	<b>Banks, Overseas Head Offices and Branches</b>				
3.1	Sight unattached	x	100%		
3.2	Time unattached		100%		
<b>IV</b>	<b>Receivables</b>				
4.1	Receivables from the Money Market		100%		
4.1.1	Receivables from the Inter-bank Market		100%		
4.1.1.1	Overnight Receivables from the Inter-bank Money Market	x	100%		
4.1.1.2	Other Receivables from the Inter-Bank Money Market		100%		
4.1.2	Receivables from IMKB Takasbank Money Market		100%		
4.2	Receivables from Reverse Repo Transactions		100%		
4.3	Compulsory Reserves (Blocked)	x	30%		
<b>V</b>	<b>Credits</b>				
5.1	Live Credits Extended to the Financial Sector		100%		
5.2	Other Live Credits				
5.2.1	Debit Current Accounts Credits				
5.2.1.1	Principal	x	10%		
5.2.1.2	Interest accruals		90%		
5.2.2	Other		90%		
5.3	Receivables from factoring transactions		90%		
<b>VI</b>	<b>Securities to Be Held Up to Terms</b>				

6.1	Public borrowing bills				
6.1.1	REPUBLIC OF TURKEY Public borrowing bills (with no elements of terms)	x	65%		
6.1.2	REPUBLIC OF TURKEY Public borrowing bills (considered in respect of terms)		95%		
6.1.3	OECD Countries Central Governments and Central Banks		95%		
6.1.4	Other Countries		80%		
6.2	Financial organizations' bills and bonds		90%		
6.3	Non financial organizations' bills and bonds		80%		
6.4	Profit and Loss Sharing Certificates		80%		
6.5	Revenue Sharing Certificates				
6.5.1	Revenue Sharing Certificates (with no elements of terms)	x	50%		
6.5.2	Revenue Sharing Certificates (considered in respect of terms)		95%		
6.6	Securities Covered by Repo Transactions		65%		
6.7	Receivables From the Securities Borrowing Market and Guarantees to Be Released		65%		
<b>VII</b>	<b>Values for Investment Purposes</b>				
7.1	<b>Receivables from the leasing transactions</b>		90%		
<b>VIII</b>	<b>Derivatives transactions</b>				
8.1	Foreign Currency Purchases With a Value Date of Up to Two Days		100%		
8.2	Time Purchase Transactions		100%		
8.3	Swap Purchase Transactions		100%		
8.4	Futures Purchase Transactions		100%		
8.5	Other Receivables from Derivatives Transactions		100%		
<b>IX</b>	<b>TOTAL ASSETS</b>				

				Total (Thousand TRY)	
B	LIABILITIES	With no elements of terms	Rates		
I	Deposits			FX	TL+FX
1.1	Savings Deposits				
1.1.1	Sight	x	30%		
1.1.2	Time		50%		
1.2	Foreign Currency Deposit Accounts				
1.2.1	Sight	x	30%		
1.2.2	Time		50%		
1.3	Official, Commercial and Other Entities' Deposits				
1.3.1	Sight	x	20%		
1.3.2	Time		95%		
1.4	Special Current Accounts - Natural Persons	x	30%		
1.5	Special Current Accounts - Legal Entities	x	30%		
1.6	Special Current Accounts - Official, Commercial and Other Entities	x	30%		
1.7	Special Current Accounts - Banks and Participation Banks	x	30%		
1.8	Participatory Accounts		50%		
1.9	Participatory Accounts Special Funds Pools		50%		
1.10	Accounts of Precious Metals Depot				
1.10.1	Sight	x	20%		
1.10.2	Time		95%		
1.11	Inter-bank Deposits				

1.11.1	Sight	x	40%		
1.11.2	Time		100%		
<b>II</b>	<b>TCMB, Banks, Overseas Head Offices and Branches Accounts</b>				
2.1	Debts to the Money Markets		100%		
2.1.1	Debts to the Inter-bank Markets		100%		
2.1.1.1	Overnight Debts to the Inter-bank Markets	x	100%		
2.1.1.2	Other Debts to the Inter-bank Markets		100%		
2.1.2	İMKB Takasbank Debts to the Money Markets		100%		
2.2	Debts to TCMB		100%		
2.3	Banks, Overseas Head Offices and Branches		100%		
<b>III</b>	<b>Other Credits</b>				
3.1	Credits Similar to Capital		100%		
3.2	Drawn Other Credits		100%		
<b>IV</b>	<b>Other Resources</b>				
4.1	Funds Provided from Repo Transactions		100%		
4.2	Debts to the Securities Borrowing Market		100%		
4.3	Debts on ground of leasing transactions		100%		
4.4	Debts on ground of factoring transactions		100%		
4.5	Debts to the Public Entities and Establishments		100%		
4.6	Debts on ground of credit payments		100%		
4.7	Securities issued		100%		
4.8	Other Debts		100%		
<b>V</b>	<b>Non cash credits and commitments</b>				
5.1	Commitments for spending limits on credit cards	x	15%		
5.2	Credit Allocation Commitments With Extension Guarantees	x	10%		
5.3	Purchase Guarantees In Issues of Securities	x	10%		

5.4	Guarantee Letters and Guarantees Issued for Supply of Cash (Credit)	x	5%		
5.5	Other Non Cash Credits and Commitments				
5.5.1	Those with a term / time		2%		
5.5.2	Those without a term / time	x	2%		
<b>VI</b>	<b>Derivatives Transactions</b>				
6.1	Foreign Currency Sales With a Value Date of Up To Two Days		100%		
6.2	Time Sales Transactions		100%		
6.3	Swap Sales Transactions		100%		
6.4	Futures Sales Transactions		100%		
6.5	Other Debts on Ground of Derivatives Transactions		100%		
<b>VII</b>	<b>TOTAL LIABILITIES</b>				

<b>C</b>	<b>Foreign Currency Liquidity Adequacy Rate for the Second Slice of Terms (AIX/BVII)</b>			%	
<b>D</b>	<b>Total Liquidity Adequacy Rate for the Second Slice of Terms (AIX/BVII)</b>				%