



BANKING
REGULATION AND
SUPERVISION AGENCY

PRESS RELEASE

29/05/2020

With the Board Decision dated 18.04.2020, all deposit and participation banks became subject to compliance with an Asset Ratio (AR) requirement, effective 01.05.2020. AR is designed to accelerate the flow of bank funding into the economy, thereby mitigating the adverse economic effects of the COVID-19 pandemic.

After a careful review of bank activities since the announcement of AR, the Board has decided on 29.05.2020 to amend the AR formula to enhance its effectiveness, increase the flow of credit to SMEs and exporters, promote project finance, and encourage banks to reduce the widening gap between their FX assets and liabilities.

Accordingly;

- Banks whose total TRY deposits and FX deposits (except for bank deposits) was below TRY 25 billion as of March 31, 2020 (according to the data they reported to the BRSA) have to ensure compliance with the AR Regulation by December 31, 2020,
- SME loans, export loans, and project finance loans **shall be weighted with a factor of 1.1 in the AR calculation**,
- Loans shorter than 3 months **shall not be included** in the “Loans” item in the calculation,
- TRY-denominated repos of banks with real/legal persons (except for repo transactions between banks) and short-term TRY financing bonds with original maturities shorter than 6 months shall be included in the calculation of the “TRY Deposit” item in the denominator of AR,
- FX repos of banks with real/legal persons (except for repo transactions between banks) shall be included in the calculation of the “FX Deposit” item in the denominator of AR,
- In the calculation of the denominator of AR,
 - **The coefficient of 1** shall be applied for “FX Deposit” item, for the portion of this item up to the amount of FX Loans
 - **The coefficient of 1.75** shall be applied for “FX Deposit” item, for the portion of this item exceeding the amount of FX Loans,

— In this manner, the amended AR formula is as follows:

$$\text{Assets Ratio (AR)} = \frac{\text{Loans} + (\text{Securities} \times 0.75) + (\text{CBRT Swaps} \times 0.5)}{\text{TRY Deposit} + (\text{FX Deposit} \times 1.75^*)}$$

** For the portion of the “FX Deposit” item up to the amount FX Loans, this coefficient shall be applied as 1.*

Respectfully announced to the public.