

From the Banking Regulation and Supervision Agency:

**REGULATION ON RECOVERY PLANS TO BE PREPARED
BY SYSTEMICALLY IMPORTANT BANKS**

FIRST PART

Purposes, Scope, Grounds and Definitions

Purposes and Scope

ARTICLE 1- (1) The purpose of this Regulation is to set down and regulate the procedures and principles regarding preparation and implementation of recovery plans, on consolidation basis, by banks classified as having systemic importance by the Banking Regulation and Supervision Board.

Grounds

ARTICLE 2- (1) This Regulation is prepared and built upon Articles 66/A and 93 of the Banking Law no. 5411 dated 19/10/2005.

Definitions

ARTICLE 3- (1) For the purposes and in the context of this Regulation:

- a) “Bank” refers to and stands for banks defined in subparagraph (o) of first paragraph of Article 3 of the Regulation on systemically important banks, promulgated in the Official Gazette edition 29633 on 23/2/2016; and
- b) “Group” refers to the bank and its affiliates and subsidiaries classified either as financial institutions or as non-financial institutions; and
- c) “Controlling Shareholder” refers to a controlling shareholder as defined in Article 3 of the Banking Law; and
- ç) “Law” refers to and stands for the Banking Law no. 5411 dated 19/10/2005; and
- d) “Critical functions” refers to the bank’s size of assets, and complexity, and interconnectedness with any local or foreign financial institutions, and its activities which, if interrupted, may damage the services required for continuity of financial stability due to their being non-substitutable, considering the market share of the related activities; and
- e) “Critical services” refers to services procured from sources inside or outside the group for satisfying the needs of the bank’s business units or legal entities engaged in performance of one or more critical functions of the bank; and
- f) “Board” refers to and stands for the Banking Regulation and Supervision Board; and
- g) “Agency” refers to and stands for the Banking Regulation and Supervision Agency; and
- ğ) “Recovery plan” refers to a plan to be prepared by the bank, within the frame of procedures and principles to be regulated by the Board, with the intention of pre-determining the measures and actions to be taken if and when any one of the events that may lead to an impairment in the bank’s financial structure occurs or may probably occur due to any non-compliance with the protective provisions of the Law or the regulations issued in reliance upon the Law or because of other reasons; and
- h) “Recovery plan measures” refers to any measures to be taken by the bank under the recovery plan if and when any one of the events that may lead to an impairment in the bank’s financial structure occurs or may probably occur; and
- ı) “Basic fields of activity” refers to the fields of activity which are important for the bank in terms of income, profitability and brand value; and
- i) **(Added: OG-29/3/2024-32504)** Recovery plan capacity: The combined effect of the measures within the recovery plan scenario on capital and liquidity adequacy.

SECOND PART

Attributes and Contents of Recovery Plans

Attributes of Recovery Plans

ARTICLE 4- (1) Recovery plans are prepared by taking the following requirements into consideration: a) Recovery plan is prepared with a clear and easily understandable language.

- b) Definitions and explanations in recovery plan are made comprehensibly and consistently
- c) Assumptions and evaluations in recovery plan are described in detail.
- ç) Documents referred to in recovery plan are named and stated clearly.
- d) Recovery plan is ensured to have internal consistency.

Sections Required to be Included in Recovery Plan

ARTICLE 5- (1) Recovery plan contains the following sections at the minimum:

- a) Executive summary; and
- b) Management processes; and.
- c) Strategic analysis; and
- ç) Communication data and public disclosures; and
- d) Preparatory measures.

(2) Subparagraph (a) of first paragraph covers a summary of sections referred to in subparagraphs (b), (c), (ç) and (d) of the same paragraph, and material changes which have occurred in the group or the recovery plan after the previous recovery plan presented to the Agency, and information on interrelated topics between the recovery plan prepared by the bank on one side and the recovery plans, if any, prepared by the bank's controlling shareholder or foreign subsidiaries pursuant to equivalent pertinent laws and regulations of foreign countries on the other side, and information on their effects on the bank's recovery plan.

Management Processes

ARTICLE 6- (1) Section relating to management processes contains the following topics at the minimum:

- a) With regard to preparation of recovery plan:
 - 1) Roles and functions of persons responsible for preparation, implementation and update of each section and part of the recovery plan; and
 - 2) Processes relating to updating of recovery plan, and explanations on said processes; and
 - 3) Explanations as to how recovery plan is integrated to the bank's corporate governance and risk management; and
 - 4) Assessment made by the bank's internal audit unit; and
 - 5) Approval of the bank's board of directors relating to recovery plan and its exhibits.
- b) With regard to timely implementation of recovery plan measures:
 - 1) Roles, functions and responsibilities of persons to be involved in the process of implementation for each of the recovery plan measures; and
 - 2) Decision making processes to be followed if and when the thresholds relating to recovery plan indicators are reached, and the completion timing of them; and
 - 3) Operational rules to be followed for urgent information of the Agency if and when the thresholds relating to recovery plan indicators are exceeded or will probably to be exceeded soon; and
 - 4) Explanations as to how recovery plan is integrated to the bank's risk management policies and strategies, in such manner to cover also the information on senior management regarding the recovery plan indicators and thresholds for said indicators; and
 - 5) Processes for establishment of management information systems for the sake of timely and reliable operation of decision making mechanisms in the course of implementation of recovery plan measures.

Strategic Analysis

ARTICLE 7- (1) Section relating to strategic analysis contains the following topics at the minimum:

- a) Major legal entities required to be taken into consideration within recovery plan; and
- b) Topics to be included in recovery plan -regarding the bank and its owned major legal entities; and
- c) Basic fields of activity; and
- ç) Critical functions; and
- d) Critical services; and
- e) Recovery plan measures; and
- f) **(Amended:RG-29/3/2024-32504)** Impacts of recovery plan measures; and
- g) Feasibility assessments and considerations; and
- ğ) Sustainability of operations.

Major Legal Entities Required to be Taken into Consideration in Recovery Plan

ARTICLE 8 - (1) Legal entities, within the group, which are deemed important in terms of the bank's financial situation, sustainability of its activities and operations and/or stability of its financial system, and determination and implementation of measures defined in the bank's recovery plan, and which have the attributes mentioned in second paragraph herein below are taken into consideration as major legal entities within the frame of the recovery plan.

- (2) Major legal entities are required to have at least one of the following attributes:
 - a) To make material contribution to the bank's profitability or funding, or to have a material share in the bank's assets or liabilities; or
 - b) To engage in key commercial activities which are related and associated to critical functions or

critical services for the bank; or

- c) To centrally perform the bank's key operations, risk or administrative functions; or
- ç) To bear major risks which may lead to an impairment in the bank's financial structure; or
- d) To be non-disposable or non-liquidable without causing a major risk for the bank; and
- e) To be important for stability of financial system.

Topics to be Included in Recovery Plan in Respect of Bank and Major Legal Entities

ARTICLE 9 - (1) Recovery plan contains general explanations about business and risk strategies of bank and its major legal entities, as well as explanations about their business models and business plans, in such a manner to contain also a list of other countries where they are continuing their operations.

(2) Bank's basic fields of activity and critical functions are matched with those of major legal entities.

(3) Legal status and financial structure of bank and its major legal entities are described. Such descriptions contain the following intragroup interrelations at the minimum:

a) All of the existing material intragroup risks and financing relations, and capital movements between bank and major legal entities, and existing intragroup guarantees, and intragroup guarantees to be activated if and when the recovery plan measures are required to be implemented; and

b) Legal interconnectedness in such manner to cover also the legally binding agreements signed among legal entities in the group; and

c) Operational interconnectedness centralized in a legal entity or containing material functions for activities of the group in general, particularly centralized information technology functions, treasury functions, risk management functions or administrative functions.

(4) External interrelations for bank and major legal entities are described in such manner to contain the following topics at the minimum:

a) Material receivables from counterparties and/or material liabilities towards counterparties; and

b) Financial products and services provided by bank and major legal entities to other -stakeholders of financial markets; and

c) Material services provided by third parties to bank and major legal entities.

(5) For the legal entities which are included in the group, but are nevertheless not taken into consideration in recovery plan as major legal entities, the reasons for not taking them into account are described.

Basic Fields of Activity

ARTICLE 10 - (1) Recovery plan contains detailed explanations about the determination process of - basic bank activity fields -, and measures for those basic fields of activity.

(2) In determination of basic bank activity fields, such qualitative and quantitative factors as the bank's organization structure, corporate strategy, share of income created by the - field of activity in its total income, total assets and income, market share, and growth expectations and brand value of the - activity field are taken into account.

Critical Functions

ARTICLE 11 - (1) Recovery plan contains detailed explanations about the process of determination of critical functions of bank, and measures of said critical functions.

(2) The following topics are taken into consideration in determination of critical functions:

a) The function is designed for third parties; and

b) Failure in performance of the function exerts significant effects on third parties, leads to an infection risk, and disrupts the stability of financial system.

(3) In the course of determination of critical functions, the following topics are taken into consideration at the minimum in assessment of significant effects on third parties:

a) Type of function; and

b) Volume and number of transactions within the scope of function; and

c) Number of natural persons or legal entities affected from failure in continuation of function; and

ç) Substitutability of function.

(4) Functions which can easily be procured through a substitute service provider, with similar or identical contents and quality, at an acceptable cost and within a reasonable time period - cannot be classified or categorized as critical.

Critical Services

ARTICLE 12 - (1) The following topics are taken into consideration is checking and assessing whether a certain service received by bank for performance of its critical functions is critical by nature or not:

a) Failure or interruption in provision of the service leads to failure or material interruption in

performance of critical functions by the bank receiving the service; and

b) The service cannot easily be procured through a substitute service provider, with similar or identical content- and quality, at an acceptable cost and within a reasonable time period.

Recovery Plan Measures

ARTICLE 13 - (1) Recovery plan measures are determined in such manner to contribute to protection or improvement of bank's financial structure by taking into account the recovery plan scenarios dealt with in third part. The bank declares these measures by also referring to their feasibility level and the effects they may exert - to the extent they are implemented.

(2) Recovery plan measures are comprised of the following measures at the minimum:

a) Own funds and liquidity measures aiming to protect and improve the bank's financial structure, and to ensure sustainability of the bank's basic activities and critical functions;

b) Measures aiming at protection of internal and external sources, and the bank's own funds;

c) Measures aiming to assure access of the bank to emergency funding sources required for performance of its liabilities and for continuation of its activities;

ç) Measures for correction of the bank's asset quality, and reduction of its risk exposure and leverage, or restructuring of its fields of activity; and

d) Measures allowing - optional restructuring of liabilities without causing any triggering event or effect such as any default event or any fall in the bank's rating.

Impacts of Recovery Plan Measures (Amended title: OG-29/3/2024-32504)

ARTICLE 14 - (1) (Amended OG-29/3/2024-32504) The impacts of the recovery plan measures shall be assessed in accordance with the following points:

a) Impact analysis showing the impact of each recovery plan measure when implemented alone.

b) Precautionary capacity showing the combined impact of the recovery measures, taking into account the interdependencies and interactions between the recovery measures.

c) Scenario analyses referred to in Articles 19 to 21 showing the impact of the recovery measures specifically selected for different stress conditions.

(2) Impact analysis contains detailed explanations about processes relating to determination of values of assets and basic fields of activity correlated to the recovery plan measures to be applied.

(3) In impact analysis, the expected effects of the applicable recovery plan measure on the capital, liquidity position and funding opportunities, profitability and activities of bank and major legal entities are assessed and evaluated. In the subject assessment, the legal entities - included in the group- but are not taken into consideration as major legal entity in recovery plan, and which may be affected from recovery plan measures or may be included in the implementation of recovery plan measures are clearly identified to the extent of their conformity.

(4) In impact analysis, the effects of each recovery plan measure on the bank's critical functions, shareholders, customers, and counterparties and on the financial system are assessed.

(5) All assumptions and assessments used in impact analyses to be performed pursuant to this article are described in detail.

(6) **(Amendment: OG-29/3/2024-32504)** In the impact analysis, the estimated implementation time and the estimated duration of the effects for each measure of the recovery plan shall be explained.

(7) **(Added: OG-29/3/2024-32504)** The recovery plan capacity is calculated separately for capital and liquidity adequacy on a scenario basis for the scenarios where the equity and liquidity indicators are most adversely affected, and the emergence period of the effects is explained.

(8) **(Added: OG-29/3/2024-32504)** After the calculation of the recovery plan capacity, if it is planned to make changes to increase the effectiveness of the recovery plan measures or to create new recovery plan measures, the potential recovery plan capacity is calculated by taking into account these changes.

Feasibility Assessments and Considerations

ARTICLE 15- (1) In assessment of feasibility of each recovery plan measure, the following topics are taken into consideration at the minimum:

a) Risks that may arise out of implementation of recovery plan measure are assessed by - taking into consideration the past experiences obtained during previous implementation of recovery plan measures and other similar measures.

b) Important events which may prevent timely and effective implementation of recovery plan measures are determined, and potential ways of resolution in connection therewith are described. In the course of determination of these events, it is considered whether there are reasons arising out of the bank's controlling shareholder and group structure or out of the agreements signed between them, and whether there are material actual or legal obstacles which may prevent the strengthening of own funds or the repayment of

liabilities between them.

(2) The events which may prevent timely and effective implementation of recovery plan measures are evaluated and assessed by particularly taking into consideration such factors as legal, operational, financial, business risks and reputation risk.

(3) If the implementation of any recovery plan measure may negatively affect the feasibility of another recovery plan measure, it is also specifically mentioned in the recovery plan.

Continuity and Sustainability of Operations

ARTICLE 16- (1) In recovery plan, the following factors are evaluated at the minimum as to how the continuity and sustainability of the bank's operations will be ensured during implementation of each recovery plan measure:

a) Systems and measures required to ensure the continuity and sustainability of access to- relevant financial market infrastructures (such as payment, reconciliation and settlement systems);

b) Systems and measures required to ensure the continuity and sustainability of operations (such as information systems, support services and human resources) of bank and major legal entities.

Communication and Public Disclosures

ARTICLE 17- (1) Recovery plan further contains communication and public disclosure processes required to be taken into consideration specifically for the related measure in case of implementation of recovery plan measure. The said processes are described as to contain the following topics at the minimum:

a) Bank's internal communications; -

b) If and to the extent applicable, communications with external parties covering and including also communications with shareholders and other investors, relevant authorities, counterparties, financial markets and deposit holders;

c) Strategies identified for management of probable negative reactions in the market;

ç) Explanations as to how and when communications and public disclosures will be made; and

d) Assessment as to whether recovery plan measures will create a special communication requirement or not.

(2) All kinds of risks, particularly reputation risk that may arise in the course of communication and public disclosure activities to be performed pursuant to - this article is taken into account.

Preparatory Measures

ARTICLE 18- (1) Recovery plan contains an analysis of preparatory measures required to be taken for timely implementation of recovery plan measures and for increase of their efficiency, and the time needed for implementation of them, and the probable factors that may prevent implementation of these measures.

THIRD PART Recovery Plan Scenarios

Recovery Plan Scenarios, and Principles on Analysis of Scenarios

ARTICLE 19- (1) (**Amendment: OG-29/3/2024-32504**) The adequacy, effectiveness, impact, applicability of the recovery plan and how the communication plan will mitigate the risks associated with the implementation of the recovery plan measures are tested within the frame of different recovery plan scenarios by taking into account the validity and feasibility of recovery plan measures that may potentially change under different stress conditions.

(2) Recovery plan scenarios are comprised of minimum three scenarios, namely systemic scenario, idiosyncratic scenario and composite scenario. Number of scenarios is determined in compliance with the bank's business model, size, funding model, and its interrelations with other institutions and the financial system. Said scenarios cover the following events:

a) Systemic events which may lead to negative consequences on financial system or real economy;

b) Idiosyncratic events which may lead to negative consequences on bank;

c) A combination of systemic and idiosyncratic events which may arise at the same time and interactively.

(3) Scenarios are formed by considering the bank's vulnerabilities and weaknesses, in a manner to cover the bank's business and funding model, activities and structure, size and its interrelations with other institutions and financial system.

(4) Events foreseen in scenarios are determined and envisaged that lead to failure of the bank to continue its activities and operations if the measures included in the recovery plan are not implemented in a timely manner. In determining whether the scenario has led to failure of the bank to continue its activities and operations, the reverse stress test results and the liquidity life cycle analyses are also considered.

(5) Scenarios contain exceptionable, but also realizable events.

(6) The effects of stress foreseen for each scenario on the relevant recovery plan indicators are described and explained by showing how and in which direction the indicators may change under stress conditions. It is also tested whether the selected indicators or the thresholds determined for them ensure that the bank will have sufficient time to implement the recovery plan measures in the related scenario or not. **(Added: OG-29/3/2024-32504)** If it is concluded that the thresholds for the indicators of the recovery plan do not provide sufficient advance warning to the bank for the implementation of the recovery plan measures and the emergence of their effects, the indicators and/or the thresholds for the indicators shall be reviewed.

(7) In each scenario, the recovery plan measures to be implemented and their order of implementation are described, and it is demonstrated that the selected measures are appropriate and feasible for correction and improvement of the bank's financial situation. The bank evaluates the feasibility of recovery plan measures in terms of dependencies between measures, and internal source limitations, and external factors.

(8) The analysis to be conducted for each scenario includes the probable effects of the events foreseen in the related scenario at least on the bank's own funds, liquidity, profitability, risk profile, business model, operations (- covering also its payment, reconciliation and settlement systems), basic fields of activity, critical functions and reputation.

(9) **(Added: OG-29/3/2024-32504)** Inconsistencies identified between different parts of the recovery plan as a result of the scenario analysis shall be eliminated before the submission of the recovery plans to the Agency or, if this is not possible, it shall be explained in the recovery plan when the inconsistencies will be eliminated.

Systemic Events

ARTICLE 20- (1) In creation of scenarios relating to systemic events, the following events are considered at the minimum:

- a) Material disruption in or termination of activities and operations of any one or more of counterparties which are effective on financial stability;
- b) Reduction of liquidity in interbank money market;
- c) Adverse and negative movements in asset prices in one or more markets;
- ç) Rise in country risk, and material capital outflow from countries where the bank's activities and operations are concentrated;
- d) Disruption in macroeconomic conditions; and
- e) Negative effects of impairment in global conditions on national economy of the related country.

Bank-specific Events

ARTICLE 21- (1) In formation of bank-specific scenarios, the following events are considered at the minimum:-

- a) Default of, or material disruption in, or termination of activities and operations of, counterparties to such extent to materially affect the bank;
- b) Loss of reputation of bank or its controlling shareholder;
- c) Quick and/or high amount of liquidity outflow;
- ç) Adverse and negative movements in p asset price on which the bank holds a high amount of risks;
- d) High loan losses; and
- e) High operating losses.

FOURTH PART

Recovery Plan Indicators

Contents of Recovery Plan Indicators

ARTICLE 22- (1) Bank determines qualitative and quantitative indicators and thresholds -to ensure that recovery plan measures are implemented. Thresholds identified -indicate the stage when the decision for implementation of recovery plan will be taken. Thresholds are matched to recovery plan measures to be taken and implemented in cases of excess.

(2) Recovery plan indicators and the associated thresholds are determined and identified by bank under the following headings - to cover at the minimum the "Minimum Indicators Foreseen to be Used in Recovery Plan" given in Annex-1:

- a) Own funds indicators; and
- b) Liquidity indicators; and
- c) Profitability indicators; and
- ç) Asset quality indicators; and
- d) Market-based indicators; and
- e) Macroeconomic indicators.

(3) Indicators mentioned in subparagraphs (d) and (e) of second paragraph may not be used, providing that it is declared that these indicators are not feasible on the part of the bank. The bank, if deems necessary, may determine and identify indicators and thresholds - to cover also the Additional Indicators That May Be Used in Recovery Plan contained in Annex-1 or other indicators selected by itself, in addition to the minimum indicators set down in second paragraph.

(4) Recovery plan indicators are required:

a) To be compliant with the bank's business model and strategy; -

b) To be adequate in terms of the bank's risk profile; -

c) To be related to the basic vulnerabilities with high probability of affecting the bank's financial situation;

ç) To be in conformity with the bank's size and complexity; -

d) To be of a number and in a diversity as well as in adequacy for timely detecting any worsening in any one of the headings listed in second paragraph; and

e) To be compliant with the bank's policies, processes, systems, risk management framework, liquidity and capital planning, business continuity plan, corporate governance framework and internal decision-making mechanisms.

(5) It is also possible to determine steps with rising severity (significance level) in respect of the related quantitative indicators in order to inform the bank senior management as to the current level of the said quantitative indicators.

(6) If there is a legal limit relating to thresholds, the thresholds are determined at a level more prudent than said legal limit. In the case of excess of thresholds, how the thresholds are determined is to be declared to ensure that the timely measures are taken. To the extent the thresholds are exceeded, the speed of excess is also taken into account.

(7) Recovery plan indicators and thresholds are expected to be reviewed at least once a year.

(8) Indicators are continuously monitored - to allow the bank to take all actions and measures needed for correction and improvement of its financial situation without delay.

(9) Bank's information systems are required to be capable of monitoring the indicators easily and regularly, and to permit the notification of levels of indicators to the Agency without delay if and when demanded by the Agency.

Own funds Indicators

ARTICLE 23 - (1) Own funds indicators are defined - to determine and consider any material worsening that currently exists or may in the future occur in the quantity and qualities of own funds.

(2) In determining the own funds indicators, it is also considered that some measures needed for protection or improvement of own funds may require a long time, or the sensitivity of these measures to market conditions and other conditions may be higher. To this end, particularly future-oriented predictions based - on the maturity of debt instruments included in the own funds calculation are also taken into account.

(3) Thresholds of own funds indicators are determined by taking into consideration the bank's risk profile and other bank-specific situations and factors.

Liquidity Indicators

ARTICLE 24 - (1) Liquidity indicators are determined in such manner:

a) to identify and detect the existing or potential problems which may have negative effects on the bank's capacity to meet its own present or future liquidity and funding needs and requirements;

b) to demonstrate the bank's short- and long-term liquidity and funding needs and its dependence to wholesale funding markets and to deposits in significant currencies; and

c) to demonstrate the bank's potential liquidity and funding needs such as liquidity needs that may arise from off-balance sheet transactions or contracts entered into by the bank.

(2) Thresholds of liquidity indicators are defined by considering the bank's risk profile, and the probable rate of variation of liquidity position of the bank due to bank-specific factors.

Profitability Indicators

ARTICLE 25 - (1) Profitability indicators are determined - to reflect the factors that may cause a rapid worsening in the bank's financial situation as a result of reduction of its profitability.

(2) In determining the profitability indicators, such operational risk-based losses such as non-compliance with laws, internal and external corruption- that may exert material effects on the bank's profit or loss are also considered

Asset Quality Indicators

ARTICLE 26 - (1) Asset quality indicators are determined - to allow the assessment and monitoring

of - asset development quality of the bank through time.

(2) Asset quality indicators - include the effects of off-balance sheet indicators on asset quality also.

Market-based Indicators

ARTICLE 27 - (1) Market-based indicators are determined - to reflect the expectations of market participants regarding a probable disruption in the bank's financial situation at a speed that may prevent the access of the bank to financial resources.

Macroeconomic Indicators

ARTICLE 28 - (1) Macroeconomic indicators are determined to reflect the disruption of economic conditions in countries or sectors where the bank's activities and operations, receivables or funding sources are concentrated.

FIFTH PART Miscellaneous and Final Provisions

Notification Obligation

ARTICLE 29 - (1) Recovery plans to be prepared and issued as of the year-end are required to be sent to the Agency by the end of (**Amendment: RG-29/3/2024-32504**) June of the following year. If needed, the Agency may change or adjust the preparation and submission dates of recovery plan.

(2) Upon occurrence of material developments and events requiring modifications or revisions in recovery plan measures, recovery plan is updated and promptly sent to the Agency.

(3) Adequacy of recovery plans is checked and assessed by the Agency, and if deemed necessary, recovery plans are reissued and sent to the Agency within a given period of time as determined by the Agency.

(4) Internal audit report relied upon in the assessment mentioned in indent (4) of subparagraph (a) of first paragraph of Article 6 hereof is also sent to the Agency in attachment to recovery plan.

(5) If and when thresholds relating to recovery plan indicators are exceeded or may to be exceeded soon, this event and its reasons are also notified promptly to the Agency. This notification contains both the recovery plan measures taken or to be taken, and if any, additional measures that are not originally included in recovery plan, but taken or to be taken, and if there are certain measures included in recovery plan, but will not be implemented, together with the reasons of non-implementation.

Guidelines

ARTICLE 29/A- (**Added: OG-29/3/2024-32504**) (1) The Board is entitled to issue guidelines relating to the application of this Regulation.

Provision on Date of Notification

PROVISIONAL ARTICLE 1 - (1) In implementation of first paragraph of Article 29, the recovery plans to be prepared as of the end of the year 2020 are to be sent to the Agency by the end of June the following year.

Effective Date

ARTICLE 30 - (1) This Regulation becomes effective as of the date of promulgation hereof.

Enforcement

ARTICLE 31 - (1) The provisions of this Regulation will be enforced and executed by the President of the Banking Regulation and Supervision Agency.

ANNEX-1

INDICATORS REQUIRED TO BE USED IN RECOVERY PLAN AT THE MINIMUM

- 1) **Own Funds Indicators**
 - a) Core capital adequacy ratio
 - b) Capital adequacy standard ratio
 - c) Leverage ratio
- 2) **Liquidity Indicators**
 - a) Liquidity coverage ratio (Total and foreign currency)
 - b) Net stable funding ratio
 - c) Assets that are not subject to collateral and that can be given as collateral to central banks
 - d) Liquidity sources other than high quality liquid assets
- 3) **Profitability Indicators**
 - a) Return on assets or return on equity
 - b) Material operating losses
 - c) Net interest margin
- 4) **Asset Quality Indicators**
 - a) Gross non-performing receivables / Total receivables (Ratio of nonperforming loans)
 - b) Coverage ratio (Provisions for non-performing receivables / Total nonperforming receivables)
- 5) **Market-based Indicators**
 - a) Negative developments in rating
 - b) Risk premium
 - c) Variations in share price
- 6) **Macroeconomic Indicators**
 - a) Variations in gross domestic product
 - b) Country risk premium

ADDITIONAL INDICATORS THAT CAN BE USED IN RECOVERY PLAN

- 1) **Own Fund Indicators**
 - a) Reserve funds / Total own funds
 - b) Negative information about financial situation of major counterparties
- 2) **Liquidity Indicators**
 - a) Concentration in liquidity and funding sources
 - b) Cost of total funding
 - c) Average maturity of total funding
 - ç) Maturity mismatches
 - d) Cost of wholesale funding
- 3) **Profitability Indicators**
 - a) Cost - income ratio (Operating expenses / Operating income)
- 4) **Asset Quality Indicators**
 - a) Net non-performing receivables / Own funds
 - b) Rate of increase in gross non-performing receivables
 - c) Rate of increase in allowance for decline in value of financial assets
 - ç) Non-performing receivables according to concentrations in material geographical regions or sectors
 - d) Restructured receivables / Total receivables
 - e) Receivables under close monitoring / Total receivables)
- 5) **Market-based Indicators**
 - a) Market value / Book value
 - b) Reputation risk
- 6) **Macroeconomic Indicators**
 - a) Negative developments in country rating
 - b) Unemployment rate
 - c) Inflation rate
 - ç) Variations in exchange rates of material currencies