

From Banking Regulation and Supervision Agency:

## **REGULATION ON CALCULATION OF THE NET STABLE FUNDING RATIO OF BANKS**

(Published in the Official Journal dated May 26, 2023, Nr 28948)

### **FIRST CHAPTER Preliminary Provisions**

#### **Subject matter and scope**

**ARTICLE 1-** (1) The purpose of this Regulation is to determine the procedures and principles to ensure that the banks have stable funding in order to prevent disruptions in their liquidity positions due to funding risk they may be exposed to on consolidated and individual basis in the long run.

#### **Basis**

**ARTICLE 2-** (1) This Regulation has been prepared on the basis of Article 43 and Article 46, the first paragraph of Article 47, the first and second paragraphs of Article 77 along with Article 93 of the Banking Law numbered 5411 dated 19/10/2005.

#### **Definition and abbreviations**

**ARTICLE 3-** (1) The following terms used in this Regulation are defined as:

- a) Bank: Banks defined in Article 3 of the Law,
- b) Performing loan: Loans defined in Article 3 of the Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside published in the Official Journal dated 22/6/2016 and numbered 29750.
- c) Financial institution: Financial institutions defined in Article 3 of the Law,
- ç) Public entity: Public entities defined in Article 3 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks published in the Official Journal dated 23/10/2015 and numbered 29511,
- d) Law: Banking Law dated 19/10/2005 and numbered 5411,
- e) Credit institution: Credit institutions defined in Article 3 of the Law,
- f) Board: Banking Regulation and Supervision Board,
- g) Agency: Banking Regulation and Supervision Agency,
- ğ) Secured financing transactions: Repo, reverse repo transactions, securities lending and borrowing transactions, margin lending transactions,
- h) Operational deposit/participation fund: Deposit/participation fund featured in Article 15 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Journal dated 21/3/2014 and numbered 28948,
- ı) Small business customers: Customers defined in the first paragraph of Article 14 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Journal dated 21/3/2014 and numbered 28948,
- i) CBRT: The Central Bank of the Republic of Türkiye,
- j) Turkish Financial Reporting Standards (TFRS): Standards titled Turkish Accounting Standard, Turkish Financial Reporting Standard, comments with respect to Turkish Accounting Standard and comments with respect to Turkish Financial Reporting Standard published by the Public Oversight, Accounting and Auditing Standards Authority,

k) Derivative transaction: Credit derivatives described in Article 3 and derivative financial instruments specified in Article 5 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks.

## **SECOND CHAPTER**

### **The Net Stable Funding Ratio**

#### **Calculation of the net stable funding ratio**

**ARTICLE 4-** (1) The net stable funding ratio is calculated on consolidated and individual basis by dividing the amount of available stable fund to the amount of required stable fund.

(2) Available stable fund is defined as the portion of capital and liabilities of banks expected to be stable; required stable fund is defined as the portion of assets and over the counter exposures of banks expected to be refunded.

(3) Quarterly simple arithmetic average of the consolidated and individual basis net stable funding ratio cannot be less than 100 percent for periods March, June, September and December which are calculated on a monthly basis as of own fund calculation period, The Board may determine minimum foreign currency net stable funding ratio on consolidated and individual basis and procedures and principles to calculate and maintain this ratio after the CBRT assented.

(4) The Board may determine more cautious procedures and principles on a bank or group of bank basis by considering the funding risk positions of them after the CBRT assented.

(5) Until the Board states the otherwise, investment and development banks are exempt from maintaining minimum ratios determined in paragraph three.

## **THIRD CHAPTER**

### **Available Stable Fund**

#### **Available stable fund**

**ARTICLE 5-** (1) While calculating available stable fund;

a) Longer-term liabilities are assumed to be more stable than short-term liabilities,  
b) Short-term funding maturing in less than one year provided by natural persons and small business customers are assumed to be more stable than wholesale funding of the same maturity from other counterparties.

(2) The amount of available stable fund is calculated by adding evaluated amounts of capital instruments and liabilities of banks found according to TFRS and assigning the related factors to them.

(3) When determining the maturity of an equity or liability instrument, investors are assumed to redeem a call option at the earliest possible date.

(4) When classifying maturity of liability and equity instruments for funding with options exercisable at the bank's discretion, supervisors should take into account reputational factors that may limit a bank's ability not to exercise the option.

(5) Where the market expects a liability or equity instrument to be redeemed before their legal final maturity date, that liability or equity instrument is included in the corresponding category according to their due date.

(6) For long-dated liabilities and equity instruments, the portion of cash flows expected to be redeemed before their due dates are considered in their respective maturity buckets.

(7) Respective factors are applied to precious metal liabilities by taking into account transaction's counterparty and remaining maturity without discriminating whether the transaction is settled in cash or delivered physically.

### **Derivative liabilities**

**ARTICLE 6-** (1) Derivative liabilities are included in the calculation process by their absolute values based on the marking to market value specified in section two, part one in Annex-2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks where the contract has a negative value, by deducting posted variation margins, if any. Collateral posted in the form of variation margin is not treated as asset for the purpose of required stable fund calculation even if it has been reflected on the balance sheet.

(2) Derivative transactions covered by the derivative agreements those meet the conditions as specified in the paragraph seven of section two, part one in Annex-2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks are considered in calculation by offsetting those transactions.

### **Liabilities and capital instruments receiving a hundred percent factor**

**ARTICLE 7 –** (1) For the purpose of calculation of available stable fund, below mentioned liabilities and capital instruments receive a hundred percent factor:

a) The total amount of tier 1 and tier 2 capital calculated before the application of capital deductions as defined in paragraph nine of Article 8 and Article 9 of the Regulation on the Own Funds published in the Official Journal dated 5/9/2013 and numbered 28756.

b) The total amount of any capital instruments not included in paragraph (a) that have an effective residual maturity of one year or more, but excluding any instruments with explicit or embedded options that could be called less than one year,

c) The total amount of all liabilities with effective residual maturities of one year or more.

(2) For the purpose of subparagraph (a) of paragraph one, the proportion of tier 2 instruments with residual maturity of less than one year shall not be included in calculation.

(3) Natural person and small business customers deposits/ participation funds having a one year or more than one year residual maturity, do not qualify for the purpose of implementing subparagraph (c) of paragraph one if withdrawal of those deposits/participation funds before their due dates do not result in a significant penalty that is materially greater than the loss of interest.

### **Liabilities receiving a ninety five percent factor**

**ARTICLE 8 –** (1) For the purpose of calculation of available stable fund, ninety five percent factor is applied to stable deposit/participation fund specified in the first paragraph of Article 13 and second paragraph of Article 14 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks which comprise demand deposit/participation fund or term deposit/participation fund with residual maturity less than one year and deposits having residual maturity one year or more than one year if paid before their due date which do not result in a significant penalty that is materially greater than the loss of interest.

### **Liabilities receiving a ninety percent factor**

**ARTICLE 9 –** (1) For the purpose of calculation of available stable fund, ninety percent factor is applied to less stable deposit/participation fund specified in the first and third paragraphs of Article 13 and fourth paragraph of Article 14 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks which comprise demand deposit/participation fund or term deposit/participation fund with residual maturity less than one year and deposits having residual maturity one year or more than one year if paid before their due date which do not result in a significant penalty that is materially greater than the loss of interest.

### **Liabilities and capital receiving a fifty percent factor**

**ARTICLE 10-** (1) For the purpose of calculation of available stable fund, below mentioned liabilities and capital instruments receive fifty percent factor:

- a) Liabilities with a residual maturity of less than one year provided by non-financial corporate customers.
- b) Operational deposit/participation fund as featured in Article 15 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks having residual maturity of less than one year.
- c) Liabilities with residual maturity of less than one year from sovereigns, public sector entities, multilateral and national development banks.
- ç) Other liability and equity instruments not included in the categories above with residual maturity six months or between six months to less than one year, including funding from credit institutions, financial institutions and central banks.

### **Liabilities and capital receiving a zero percent factor**

**ARTICLE 11-** (1) For the purpose of calculation of available stable fund, below mentioned liabilities and capital instruments receive zero percent factor:

- a) Except items stated in subparagraph (b) of the first paragraph of Article 10, funding with residual maturity of less than six months from credit institutions, financial institutions and central banks.
  - b) Other liabilities without a stated maturity including short positions and open maturity positions.
  - c) Regardless of its maturity, derivative liabilities as calculated according to Article 6, net of derivative assets as calculated according to Article 15, if derivative liabilities are greater than derivative assets.
  - ç) Initial margins received for derivative agreements and variation margins that do not qualify the characteristics featured in the first paragraph of Article 15.
  - d) Trade date payables arising from purchases of financial instruments, foreign currencies and commodities that are expected to settle within the standard settlement cycle or period that is customary for the relevant exchange or type of transaction, or have failed to, but are still expected to, settle.
  - e) All other liabilities and equity categories not included in the above categories.
- (2) Deferred tax liabilities and minority assets are not treated according to subparagraph (b) of the first paragraph. Deferred tax liabilities are treated according to the nearest possible date, minority interests are treated according to the effective maturity of the instrument when applying related available stable fund factor.

## **FOURTH CHAPTER Required Stable Fund**

### **Required stable fund**

**ARTICLE 12-** (1) For the purpose of calculation of required stable fund, it is assumed that;

- a) Some proportion of lending to the real economy is renewed in order to ensure the continuity of this type of intermediation to the real sector funding facilities.
- b) Banks may seek to roll over a significant proportion of maturing loans to preserve customer relationships.
- c) Some short-dated assets (maturing in less than one year) would not require stable funding because they would be settled at their due dates.

ç) Unencumbered, high-quality liquid assets that can be securitised or traded, and thus can generate funding, do not need to be wholly financed with stable funding.

d) A portion of off balance sheet commitments and contingent funding obligations would liquidate within one year.

(2) The amount of required stable fund is calculated by deducting special provisions set aside according to the Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside from banks' balance sheet assets evaluated according to the TFRS and off balance sheet liabilities and then that amount is multiplied by a relevant factor. The required stable fund is the sum of the weighted amounts.

(3) The required stable funding factors assigned to various types of assets are intended to approximate the amount of a particular asset that would have to be funded, either because it will be rolled over, or because it could not be monetised through sale or used as collateral in a secured borrowing transaction over the course of one year without significant expense.

(4) When determining the maturity of an asset, it is considered whether counterparties have option to extend maturity. For assets with options to extend maturity exercisable at the bank's discretion, it is assumed that this option will be exercised and the maturity would be extended.

(5) For the purpose of required stable fund calculation, claims with non-maturity or claims without a stated final maturity are regarded as having residual maturity of one year or more than one year.

(6) For long-dated assets, the portion of cash flows expected to be collected within one-year time horizon are treated within its corresponding maturity bucket.

(7) Where the market expects extension for legal final maturity date of an asset, that particular asset should be included in the corresponding required stable fund category and the net stable funding ratio calculation pursuant to its expected redemption date. (8) For purpose of calculating required stable fund, bank should include financial instruments, foreign currencies and commodities for which a purchase order has been executed, and exclude financial instruments, foreign currencies and commodities for which a sales order has been executed, even if such transactions have not been reflected on the balance sheet under a settlement-date accounting model. Settlement-date accounting model is not applied to transactions reflected as derivatives or secured financing transactions in the bank's balance sheet.

(9) For the purpose of calculating required stable fund, if the value of the loan exceeds the value of the collateral, this excess amount is treated as unsecured. If it is not possible to draw the distinction between the secured and unsecured part of the loan, the higher required stable fund factor should be applied to the whole loan.

(10) Conditions set out in the second paragraph of Article 5 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks are not stipulated for level 1, 2A, 2B assets that would be included in required stable fund calculation and fourth paragraph of Article 9 of same Regulation is not implemented for those assets. (11) Loans in precious metals extended by a bank or deposits in precious metals placed by a bank that are settled by cash payment should receive the required stable funding factor in accordance with their counterparty type and remaining maturity. Where physical delivery is assumed, loans extended in precious metals and deposits placed in precious metals should be treated like physically traded commodities as described in subparagraph (ç) of the first paragraph of Article 22.

### **Encumbered assets**

**ARTICLE 13-** (1) Assets on the balance sheet that are encumbered for one year or more receive a hundred percent factor.

(2) Assets on the balance sheet that are encumbered for a period of between six months and less than one year that would, if unencumbered, receive a factor lower than or equal to fifty percent factor receive a fifty percent factor.

(3) Assets on the balance sheet that are encumbered for a period of between six months and less than one year that would, if unencumbered, receive a factor higher than fifty percent factor retain that higher factor.

(4) Where assets have less than six months remaining in the encumbrance period, those assets on balance sheet may receive the same required stable funding factor as an equivalent asset that is unencumbered.

### **Secured financing transactions and collateral swaps**

**ARTICLE 14-** (1) Securities lent for secured financing transactions and collateral swaps and reflected on the balance sheet are included in required stable fund calculation. Maturity of the stated securities is limited to the maturity of the transaction.

(2) Securities borrowed for secured financing transactions and collateral swaps and reflected on the balance sheet are included in required stable fund calculation. Maturity of the stated securities is limited to the maturity of the transaction.

(3) For reverse repo transactions where the collateral received is not reflected on the balance sheet of the bank, and it has been rehypothecated or sold, receivables received in a reverse repo transaction are considered as on-balance sheet encumbered asset within the scope of Article 13. When the collateral received from a secured funding transaction has been rehypothecated, the receivable should be considered encumbered for the term of the rehypothecation of the collateral. When the collateral received from reverse repo transaction has been sold outright, the maturity of the reverse repo transaction would be the residual maturity of the transaction.

(4) For reverse repo transactions where the collateral received is reflected on the balance sheet of the bank, and it has been rehypothecated, collateral received and reverse repo receivables are treated as encumbered assets within the scope of Article 13. In that case, the receivable received through reverse repo transaction and the collateral are considered encumbered for the term of the rehypothecation of the collateral. If the collateral received through reverse repo transaction that is reflected on the bank's balance sheet has been sold, the corresponding receivable is considered as encumbered within the scope of Article 13 for the term of the residual maturity of reverse repo transaction. Sold collateral is not considered for the net stable funding ratio calculation.

(5) Securities financing transactions with the same counterparty may be measured net when calculating the net stable funding ratio provided that the netting conditions set out below and included in either available stable fund or required stable fund.

a) Transactions should have the same final settlement date.

b) The right to set off the amount owed to the counterparty with the amount owed by the counterparty should be enforceable in all events including default, insolvency, bankruptcy.

c) The counterparties intend to settle net, settle simultaneously that is, the cash flows of the transactions are equivalent to a single net amount on the settlement date. Transactions should be settled through the same settlement system and the settlement arrangements are supported by cash and/or intraday credit facilities so the failure of a party to fulfill its obligations to deliver will not prevent the netting process to ensure that settlement of transactions will occur by the end of the business day.

### **Derivative assets**

**ARTICLE 15-** (1) Derivative transactions having positive marking to market value specified in section two, part one in Annex-2 of the Regulation on Measurement and

Assessment of Capital Adequacy of Banks are included in the calculation process, if the following conditions are met, by deducting received variation margins from their marking to market value.

- a) Received in the form of cash variation margin.
  - b) Cash variation margin received for trades not treated as qualifying in the scope of Annex-4 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks by the recipient counterparty is not segregated for trades according to legislation or agreements.
  - c) Cash variation margin is calculated and exchanged at least on a daily basis based on mark-to-market valuation of derivative positions. To meet this criterion, derivative transactions must be valued daily. Cash variation margin exchanged on the morning of the subsequent trading day based on the previous, end-of-day market values would meet condition stated in this subparagraph.
  - ç) Cash variation margin is received in a currency same as the derivative transaction.
  - d) Variation margin collateral should cover the mark-to-market exposure of the derivative transaction subject to the threshold and minimum transfer amounts.
  - e) Derivative transactions and cash variation margins are covered by a single netting agreement between the counterparties. The netting agreement must explicitly stipulate that the counterparties agree to settle net any payment obligations covered by such a netting agreement, taking into account any variation margin received or provided if a credit event occurs involving either counterparty and it must be enforceable including in the event of default and bankruptcy or insolvency and meet all criteria specified in subparagraph seven of section two, part one in Annex-2 of Regulation on Measurement and Assessment of Capital Adequacy of Banks. For the purposes of this subparagraph, any netting agreements that provide rights of offset of multiple netting agreements may be deemed to be a single netting agreement.
  - f) For the purpose of this paragraph, the term netting agreements includes master netting agreement and other netting agreements employed by central counterparty in the scope of Annex-4 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks.
- (2) Derivative transactions covered by netting agreements that meet all criteria specified in subparagraph seven of section two, part one in Annex-2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks are taken into account by netting.

#### **Assets assigned a zero percent factor**

**ARTICLE 16-** (1) For the purpose of required stable fund calculation, below mentioned assets assigned a zero percent factor.

- a) Coins, banknotes and FX cash.
- b) Central bank reserves covering demand and time deposits, non-free and free deposits and required reserves.
- c) All claims on central banks with residual maturities of less than six months.
- ç) Receivables arising from sales of financial instruments, foreign currencies and commodities that are expected to settle within the standard settlement cycle or period that is customary for the relevant exchange or type of transaction, or have failed to, but are still expected to, settle in the future.

#### **Assets assigned a five percent factor**

**ARTICLE 17-** (1) For the purpose of required stable fund calculation, below mentioned assets excluding assets specified in Article 16, assigned a five percent factor.

- a) Level 1 assets specified in Article 6 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks which are unencumbered
- b) The portion of debt securities issued in currencies other than domestic currencies by the sovereigns or central banks of jurisdictions whose credit quality steps do not correspond to zero percent risk weight as specified in Annex-1 of the Regulation on Measurement and

Assessment of Capital Adequacy of Banks exceeding the net cash outflows calculated within the scope of the Regulation on Calculation of Liquidity Coverage Ratio of Banks.

**Assets assigned a ten percent factor**

**ARTICLE 18-** (1) For the purpose of required stable fund calculation, unencumbered loans to credit institutions or financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets as defined in Article 6 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks and where the bank has the ability to freely rehypothecate the received collateral for the life of the loan and it is unencumbered assigned a ten percent factor.

**Assets assigned a fifteen percent factor**

**ARTICLE 19-** (1) For the purpose of required stable fund calculation, below mentioned assets assigned fifteen percent factor:

- a) Unencumbered Level 2A assets as defined in Article 7 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks excluding those stated in Article 16.
- b) Unencumbered loans to credit institutions or financial institutions, with residual maturities of less than six months and not treated in the scope set out in Article 18.

**Assets assigned a fifty percent factor**

**ARTICLE 20-** (1) For the purpose of required stable fund calculation, below mentioned assets assigned a fifty percent factor.

- a) Unencumbered Level 2B assets as defined in Article 8 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks except assets considered in Article 16.
- b) All loans to credit institutions, financial institutions and central banks with residual maturity of six months or more and less than one year,
- c) Deposits/participation funds having residual maturity of less than one year held at credit or financial institutions for operational purposes, as outlined in Article 15 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks.
- ç) Assets that do not qualify as high quality liquid assets featured according to the Regulation on Calculation of Liquidity Coverage Ratio of Banks and not included in the above categories that have a residual maturity of less than one year, including loans to non-financial corporate clients, loans to multilateral development banks and national development banks, loans to retail customers (ie natural persons) and small business customers, and loans to sovereigns and public sector entities.
- d) Where assets stated at subparagraph (a) of the first paragraph of this Article and Article 17, 18, 19 that have six months or more and less than one year remaining in the encumbrance period.

**Assets assigned a sixty five percent factor**

**ARTICLE 21-** (1) For the purpose of required stable fund calculation, below mentioned assets assigned a sixty five percent factor:

- a) Unencumbered residential mortgages with a residual maturity of one year or more that would qualify for a thirty five percent or lower risk weight under Annex-1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks.
- b) Other unencumbered loans not included in the above categories, excluding loans to credit institutions or financial institutions, with a residual maturity of one year or more that would qualify for a thirty five percent or lower risk weight under Annex-1 of Regulation on Measurement and Evaluation of Capital Adequacy of Banks.

(c) Where loans stated at (a) and (b) subparagraphs that have six months or more and less than one year remaining in the encumbrance period.

**Assets assigned a eighty five percent factor**

**ARTICLE 22-** (1) For the purpose of required stable fund calculation, below mentioned assets assigned a eighty five percent factor.

a) Regardless of whether recorded on or off balance sheet, cash, securities and other assets posted as initial margin for derivative contracts and cash, securities and other assets provided to contribute to the default fund of a central counterparty.

b) Other unencumbered performing loans that qualify for the thirty five percent or higher risk weight under Annex-1 of Regulation on Measurement and Evaluation of Capital Adequacy of Banks and have residual maturities of one year or more, excluding loans to credit institutions or financial institutions;

c) Unencumbered securities with a remaining maturity of one year or more and unencumbered exchange-traded equities which are performing but do not qualify as high quality liquid assets featured according to the Regulation on Calculation of Liquidity Coverage Ratio of Banks.

ç) Physical traded commodities, including gold.

d) Where claims stated between (b) and (ç) subparagraphs that have six months or more and less than one year remaining in the encumbrance period.

(2) Treatment of initial margin and variation margin if they cannot be separated by the banks are described below;

a) For over the counter transactions, any fixed independent amount a bank is contractually required to post at the inception of the derivatives transaction should be considered as initial margin, regardless of whether any of this margin returns to the bank in the form of variation margin payments,

b) When the initial margin is calculated at a portfolio level for over the counter derivative transactions, even if the amount of collateral physically posted by the bank due to the variation margins received are less than the one specified in the contract, the amount of initial margin that is calculated considering value of the portfolio should reflect the net stable funding ratio measurement date.

c) For centrally cleared derivative transactions, the amount of initial margin should reflect the total amount of initial margin and variation margin posted less any mark-to-market losses on the applicable portfolio.

(3) Initial margins posted on behalf of a customer for derivative transactions, where the bank does not guarantee performance of the third party, shall be exempted from the calculation of required stable fund.

(4) Where securities or other assets posted as initial margin for derivative contracts would otherwise receive a higher required stable funding factor, they should retain that higher factor.

(5) An asset associated with collateral posted as initial margin in connection with a derivative contract and reflected on the balance sheet should not be counted as an encumbered asset within the scope of Article 13.

**Assets assigned a hundred percent factor**

**ARTICLE 23-** (1) For the purpose of required stable fund calculation, below mentioned assets assigned a hundred percent factor:

a) All assets that are encumbered for a period of one year or more.

b) Regardless of their maturity, derivative assets as calculated according to Article 15 net of derivative liabilities as calculated according to Article 6, if derivative assets are greater than derivative liabilities.

c) Regardless of their maturity, ten percent of derivative liabilities as calculated according to Article 6 before deducting variation margin posted.

d) All other assets not included in the above categories, including non-performing loans stated in Article 5 of the Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside, assets without a stated maturity including non-maturity reverse repos that cannot be determined that they would mature in less than one year and loans to credit institutions or financial institutions with a residual maturity of one year or more, non-exchange-traded equities, fixed assets, subsidiary interests, items deducted from regulatory capital stated in Article 9 of the Regulation on the Own Funds.

#### **Off-balance sheet exposures**

**ARTICLE 24-** (1) For the purpose of required stable funding calculation, off balance sheet items stated in Articles 27 and 28 of the Regulation on Calculation of Liquidity Coverage Ratio of Banks are assigned a five percent factor.

#### **Exceptional liquidity operations with CBRT**

**ARTICLE 25-** (1) The Board is authorised to determine a reduced factor after discussing and agreeing on the appropriate factor with the CBRT for assets that are encumbered for exceptional CBRT liquidity operations which are non-standard and temporary operations conducted by the CBRT in order to achieve its mandate in a period of market-wide financial stress or exceptional macroeconomic challenges. In any case that factor must not be lower than the required stable funding factor applied to the equivalent asset that is unencumbered.

(2) Within the scope of the extraordinary liquidity transactions specified in the first paragraph, the Board is authorised to determine a factor which will not be less than % 5 for claims on CBRT's with a residual maturity equal to or greater than six months due to absorbing excess liquidity after discussing and agreeing on with the CBRT.

### **FIFTH CHAPTER**

#### **Reporting Requirements Regarding the Net Stable Funding Ratio and Incompatibility to the Standard Ratios**

##### **Reporting requirements regarding the net stable funding ratio**

**ARTICLE 26-** (1) Consolidated and individual net stable funding ratio calculated on a monthly basis as of own fund calculation periods should be reported to the Agency in time horizon determined by the Board.

##### **Incompatibility to the standard ratios**

**ARTICLE 27-** (1) Either individual or consolidated net stable funding ratio falls below the minimum standard ratio, banks shall achieve measures until the next calculation period and the incompatibility for each standard ratio cannot occur more than once in a calendar year.

(2) In case banks may not able to achieve the standard ratios, they are obliged to report incompatibility reasons along with measures planned to be taken to correct the position within time horizon determined in the first paragraph of Article 26 to the Agency.

**SIXTH CHAPTER**  
**Final Provisions**

**Entry into force and date of application**

**ARTICLE 29** – (1) This Regulation's;

- a) Third paragraph of Article 4 and Article 27 shall apply from 1/1/2024,
- b) Other provisions shall enter into force on its publication date in the Official Journal.

**Enforcement**

**ARTICLE 29** – (1) The provisions of this article are implemented by the Chair of the Banking Regulation and Supervision Agency.