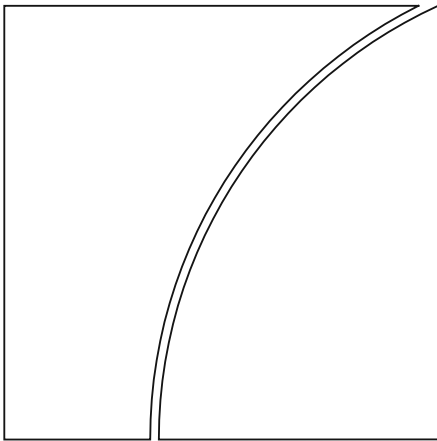


# Basel Committee on Banking Supervision



## Regulatory Consistency Assessment Programme (RCAP)

### Assessment of Basel NSFR regulations – Türkiye

April 2025



**Note that this report refers to the RCAP grades prior to October 2025. The grade 'materially non-compliant (MNC)', ie one notch above the lowest grade, has since been renamed to 'partially non-compliant (PNC)' for greater clarity**

This publication is available on the BIS website ([www.bis.org](http://www.bis.org)).

© *Bank for International Settlements 2025. All rights reserved. Brief excerpts may be reproduced or translated provided the source is stated.*

ISBN 978-92-9259-844-0 (online)

## Contents

Glossary .....	1
Preface .....	2
Executive summary .....	3
Response from the Turkish authorities (BRSA) .....	4
1 Assessment context .....	5
1.1 Regulatory system .....	5
1.2 Status of NSFR implementation .....	5
1.3 Scope of the assessment .....	6
2 Assessment findings .....	6
2.1 Assessment grades and summary of findings .....	6
2.2 Detailed assessment findings .....	8
2.3 Observations .....	9
Annexes .....	11
Annex 1: RCAP Assessment Team and Review Team .....	11
Annex 2: List of Basel standards and implementing regulations issued by the Turkish authorities .....	12
Annex 3: Key liquidity indicators of the Turkish banking system .....	13
Annex 4: Materiality assessment .....	14
Annex 5: Areas where Turkish rules are stricter than the Basel standards .....	15
Annex 6: Elements of the NSFR subject to national discretion .....	16



## Glossary

BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BRSA	Banking Regulation and Supervision Agency
C	Compliant (grade)
CNSFR	Communiqué on Financial Statements to be Disclosed to the Public by Banks
D-SIB	Domestic systemically important bank
FAQ	Frequently asked questions
G-SIB	Global systemically important bank
GLRM	Guideline for Liquidity Risk Management
HQLA	High-quality liquid assets
LC	Largely compliant (grade)
MDB	Multilateral development bank
MNC	Materially non-compliant (grade)
NC	Non-compliant (grade)
NDB	National development bank
NSFR	Net Stable Funding Ratio
PSE	Public sector entity
RCAP	Regulatory Consistency Assessment Programme
RNSFR	Regulation on Calculation of the Net Stable Funding Ratio of Banks
RSF	Required stable funding
TRY	Turkish lira

## Preface

The Basel Committee on Banking Supervision (Basel Committee) places a high priority on the implementation of regulatory standards underpinning the Basel III framework. The prudential benefits from adopting Basel standards can only fully accrue if these are implemented in a full, timely and consistent manner by all member jurisdictions. The Committee established the Regulatory Consistency Assessment Programme (RCAP) to monitor, assess and evaluate its members' implementation of the Basel III framework.<sup>1</sup>

This report presents the findings of an RCAP Assessment Team (Assessment Team) on the adoption of the Basel Net Stable Funding Ratio (NSFR) standard in Türkiye as of 15 January 2025. The assessment focused on the completeness and consistency of the Turkish regulations with the Basel NSFR standard and relied on the information provided by the Turkish authorities.

The Assessment Team was led by Mr Claude Wampach, Director of the Commission de Surveillance du Secteur Financier (CSSF) and comprised technical experts from the Australian Prudential Regulation Authority (APRA), the European Central Bank (ECB), the People's Bank of China (PBoC) and the Saudi Central Bank (SAMA) (see Annex 1). The main counterpart for the assessment was the Banking Regulation and Supervision Agency (BRSA). The work was coordinated by the Basel Committee Secretariat with support from CSSF staff.

The assessment began in March 2024 and comprised: (i) a self-assessment by the BRSA (March to August 2024); (ii) an assessment phase (September 2024 to January 2025); and (iii) a review phase (February to March 2025) including a technical review of the Assessment Team's findings by a separate RCAP Review Team and the Basel Committee. The assessment report ultimately reflects the view of the Basel Committee.

The RCAP Assessment Team acknowledges the cooperation received from the BRSA throughout the assessment process.

<sup>1</sup> See [www.bis.org/bcbs/implementation.htm](http://www.bis.org/bcbs/implementation.htm).

## Executive summary

In Türkiye, the Basel NSFR standard has been implemented through the “Regulation on Calculation of the Net Stable Funding Ratio of Banks (RNSFR)” and the “Communiqué on Financial Statements to be Disclosed to the Public by Banks (CNSFR)”. These regulations were published on 26 May 2023 and the Turkish banks were required to meet the minimum NSFR requirements from 1 January 2024. All deposit and participation banks established in Türkiye (including branches of foreign banks in Türkiye) are subject to NSFR regulations.

Overall, as of 15 January 2025, the NSFR regulations in Türkiye are assessed as compliant with the Basel NSFR standard. This is the highest possible grade. All the four components of the Basel NSFR standard, ie scope, minimum requirement and application issues; available stable funding; required stable funding; and disclosure requirements, were also assessed as compliant.

The Assessment Team identified one non-material finding, which relates to the omission of an explicit requirement in Turkish regulations for the NSFR to be equal to at least 100% on an ongoing basis. In addition, the Assessment Team noted that Turkish rules are stricter than the minimum requirements prescribed by the Basel standards in three areas, including the requirement of calculating and reporting a foreign currency NSFR separately (see Annex 5). In accordance with the methodology and guidance provided in the RCAP Handbook for jurisdictional assessments, the stricter rules have not been taken into account as mitigants for the overall or component-level assessment of compliance.

## Response from the Turkish authorities (BRSA)

The BRSA wishes to thank the Assessment Team, led by Mr Claude Wampach, for the devotion they demonstrated throughout the assessment process. We also extend our appreciation to the Basel Committee Secretariat for coordinating an efficient and constructive RCAP assessment process.

Türkiye demonstrates strong commitment to issuing and implementing banking regulations that are in line with international principles and standards and contemplates that this strengthens public confidence in the banking system. The BRSA is pleased that Türkiye has received an overall rating of “compliant” under the NSFR RCAP assessment and finds assessment useful to promote consistency, clarity, comparability and transparency among regulatory frameworks of BCBS member jurisdictions. This result confirms the BRSA’s self-assessment that all minimum standards of the international framework are met and there are no material differences that could give rise to prudential or supervisory concerns. The finding and the observations in the report are considered very useful to provide additional context and information related to the NSFR implementation in Türkiye.

Thus, the BRSA supports the BCBS’s global regulatory reform efforts to build a more resilient and sound banking system by pursuing the work of the BCBS and making endeavour for the proper incorporation of the Basel standards into relevant Turkish regulations.



# 1 Assessment context

## 1.1 Regulatory system

The Banking Regulation and Supervision Agency (BRSA) is the sole regulatory and supervisory authority for banks in Türkiye. The following table provides an overview of the legal hierarchy of prudential regulations in Türkiye.

Hierarchy of Turkish laws and regulatory instruments		Table 1
Laws that empower the BRSA as banking supervisor	The Banks Act of 1999 (no 4389), enacted by the Turkish Grand National Assembly, establishes the BRSA as sole supervisor and regulator of Turkish banks and specifies that the BRSA “shall use the powers assigned thereto in this Law and the applicable legislation through regulatory transactions to be made and specific decisions to be taken by the Board”. The Banking Law of 2005 (no 5411) grants the BRSA significant powers in issuing regulations and communiqués and Board decisions to regulate the banks.	
Supervisory regulatory instruments issued by the BRSA derived from the above laws	<i>Regulations</i> contain Board decisions for enforcement of the Law. <i>Communiqués</i> can be used for introducing new rules and providing detailed examples regarding the provisions that are given in the regulations. The legal enforceability is the same as that of the Regulations. <i>Guidelines</i> and other Board Resolutions are used to define best practice and to inform banks on the evaluation criteria to be considered in audits by the BRSA.	

The BRSA’s NSFR regulation is subject to the same regulatory policymaking process as the risk-based capital regulations. The structure and binding nature of those prudential regulations in Türkiye are outlined in greater detail in the RCAP assessment report on the Turkish risk-based capital requirements for banks.<sup>2</sup> In line with previous RCAPs, the Assessment Team finds that Turkish regulatory instruments, including Regulations, Communiqués, Guidelines and Board Resolutions, meet the RCAP criteria of being enforceable and binding in practice.

## 1.2 Status of NSFR implementation

The draft NSFR regulations were issued by the BRSA in January 2018. However, after assessing the comments received on the draft regulations and subsequently due to the Covid-19 pandemic, the consultation process was deferred. The consultation process was restarted by the BRSA in September 2021 and the final “Regulation on Calculation of the Net Stable Funding Ratio of Banks (RNSFR)” and “Communiqué on Financial Statements to be Disclosed to the Public by Banks (CNSFR)”, which includes NSFR disclosure, were published in the official journal dated 26 May 2023 (no 28948). The NSFR regulations became effective on the date of publication of the standards; however, banks were given a transition period up to 1 January 2024 to meet the minimum NSFR requirement of 100% and for publication of related disclosures.

In addition to these standards, on 31 March 2016 the BRSA issued a “Guideline for Liquidity Risk Management (GLRM)” to provide additional guidance to banks on sound liquidity management practices, including short-, medium- and long-term stable funding.

<sup>2</sup> See Section 1.1 and Annex 6 of Basel Committee on Banking Supervision, *Regulatory Consistency Assessment Programme (RCAP) Assessment of Basel III risk-based capital regulations – Türkiye*, March 2016, [www.bis.org/bcbs/publ/d359.pdf](http://www.bis.org/bcbs/publ/d359.pdf).

All deposit and participation banks<sup>3</sup> established in Türkiye (including branches of foreign banks in Türkiye) are subject to NSFR regulations issued by the BRSA. The development and investment banks established in Türkiye have been exempted from meeting the minimum 100% NSFR requirements, on the basis that they are small and not internationally active. Until the BRSA determines an appropriate minimum ratio, they are only required to calculate and report the NSFR to the BRSA.

## 1.3 Scope of the assessment

The Assessment Team considered the NSFR requirements applicable to a sample of internationally active banks in Türkiye as of 15 January 2025. The assessment had two dimensions:

- a comparison of Turkish regulations with the Basel NSFR standard to ascertain that all the required provisions have been adopted (*completeness* of the regulations); and,
- whether there are any differences in substance between Turkish regulations and the Basel NSFR standard and, if so, their significance (*consistency* of the regulations).

In its assessment, the Assessment Team considered all binding documents that effectively implement the Basel NSFR standard in Türkiye. Annex 2 lists the Basel standards used as the basis for the assessment. The assessment did not evaluate the adequacy of liquidity or the resilience of the banking system in Türkiye or the supervisory effectiveness of the Turkish authorities.

The Assessment Team evaluated the materiality and potential materiality of identified deviations between the Basel NSFR standard and Turkish regulations. The evaluation was made using a sample of seven internationally active banks in Türkiye. Together, these banks comprise about 71% of the total assets of the Turkish banking system. In addition, the Assessment Team reviewed the non-quantifiable impact of identified deviations and applied expert judgment as to whether the Turkish regulations meet the Basel NSFR standard in letter and in spirit. The materiality assessment is summarised in Annex 4, which also lists the sample of banks.

The Assessment Team noted that in a few areas Turkish rules go beyond the minimum Basel standards. Although these elements (listed in Annex 5) provide for a more rigorous implementation of the Basel Framework, they have not been taken into account for the assessment of compliance.

The outcome of the assessment is summarised using a four-grade scale, both for each of the four key components of the Basel NSFR standard and for the overall assessment of compliance. The four grades are compliant (C), largely compliant (LC), materially non-compliant (MNC) and non-compliant (NC).

## 2 Assessment findings

### 2.1 Assessment grades and summary of findings

Overall, the Assessment Team finds the implementation of the NSFR in Türkiye to be compliant with the Basel standard. This grade is based on the materiality assessment as summarised in Annex 4.

<sup>3</sup> Participation banks are “Islamic Banks” that operate under the principles and standards of interest-free banking. The word “participation” refers to banking activity that is based on the principle of participating in profit and loss. The main feature of participation banking is that the contracts on which its products and services are based do not contain interest or other prohibited elements according to Islamic Law.

## Assessment grades

Table 2

Component of the Basel NSFR framework	Grade
Overall grade	C
Scope, minimum requirement and application issues	C
Available stable funding (numerator)	C
Required stable funding (denominator)	C
NSFR disclosure requirements	C

Assessment scale: C (compliant), LC (largely compliant), MNC (materially non-compliant) and NC (non-compliant).

### 2.1.1 Scope, minimum requirement and application issues

This component is assessed as compliant with the Basel standard. The Assessment Team identified one finding.

The Basel NSFR standard requires that the NSFR should be equal to at least 100% on an ongoing basis. However, the Turkish RNSFR regulations require banks to calculate the NSFR for each month-end date and that the average of the last three month-end ratios has to be at least 100% for every quarter. The RNSFR regulations also permit banks to fall below the minimum regulatory requirement once in a calendar year. However, based on the data provided by the BRSA and interaction with selected Turkish banks, the finding was considered not to be material.

In addition, the Assessment Team made three observations. The first relates to the long delay in implementation in Türkiye of the NSFR regulation and related disclosure requirements. The second relates to the time horizon of one year considered by the Basel NSFR standards and the last relates to the fact that the development and investment banks established in Türkiye have been exempted from meeting the minimum NSFR requirement.

### 2.1.2 Available stable funding

This component is assessed as compliant with the Basel standard. No findings were identified.

### 2.1.3 Required stable funding

This component is assessed as compliant with the Basel standard. No findings were identified.

### 2.1.4 Disclosure requirements

This component is assessed as compliant with the Basel standard. No findings were identified. However, the Assessment Team made one observation and identified one area where Turkish regulations adopted a stricter approach as compared to the one prescribed under the Basel standard. The Assessment Team observed that in addition to the quarterly disclosure of the NSFR, the Turkish regulations require disclosure of the three-month simple average of NSFRs and identified that the quarterly disclosure frequency prescribed by the Turkish regulations was more frequent than the half-yearly disclosure requirement set out by the Basel standard.

## 2.2 Detailed assessment findings

### 2.2.1 Scope, minimum requirement and application issues

Section grade	Compliant
Basel paragraph number	9: Definition and minimum requirements
Reference in the domestic regulation	RNSFR Articles 4 and 27
Finding	<p>According to the Basel NSFR standard, the NSFR should be equal to at least 100% on an ongoing basis.</p> <p>Under the Turkish regulations, banks must calculate their NSFR for the end of each month. Thereafter, banks must average the last three end-of-month NSFRs and this average must be at least 100%. For example, for the first quarter, banks are required to calculate the NSFR for end-January, end-February and end-March, and the average of these three ratios is required to be at least 100%. Furthermore, Turkish NSFR regulations also allow the NSFR to fall below 100% once within a calendar year with the requirement that it should be restored to 100% by the next calculation period, ie the month-end following the breach. In addition, there is no obligation in the RNSFR for banks to notify the BRSA when they breach the minimum requirement if it is rectified before the month-end following the breach. It is only in cases where banks are not able to meet the minimum NSFR requirement by the next month-end that they are obliged to report the breach to the BRSA along with a remediation plan. As a consequence, the application of the BRSA NSFR rules gives leeway to banks to fall below the minimum NSFR requirement and may allow banks to engage in window-dressing behaviour for the month-end NSFRs.</p> <p>The Assessment Team considers that this deviation is unlikely to become material in the near future, as:</p> <ul style="list-style-type: none"> <li>• The RCAP sample banks confirmed that they manage the NSFR to be above 100% at all times. This is demonstrated through setting internal thresholds well above 100% to prevent a potential breach of the minimum regulatory requirement for the NSFR. Finally, in the event of the NSFR falling below 100%, the banks would immediately notify the BRSA.</li> <li>• Data provided by the BRSA showed that from the beginning of the reporting period (May 2023) until May 2024, the NSFR for the sample banks remained largely above 100%, with an average value at approximately 130%.</li> <li>• A significant portion (around 75%) of the Turkish banks' available stable funding comes from retail and corporate deposits, which are not expected to exhibit extreme volatility even in times of stress. It would require a structural change to Turkish banks' funding mix to be exposed to strong market fluctuations and NSFR volatility.</li> <li>• The BRSA confirmed that it could request more frequent reporting from banks in stressed situations, ie if a bank's NSFR level approaches the regulatory minimum or the NSFR volatility increases. Also, the Banking Law enables it to set more conservative ratios or limits or to change the calculation and reporting periods. In case a breach is not resolved by the next calculation date (ie end of the month), the Turkish regulations require banks to report to the BRSA the reasons for the breach along with measures planned to achieve the minimum NSFR.</li> </ul> <p>Taken together, and given that the latest average NSFR for the sample banks was 131.1% (as of May 2024), the Assessment Team considers it unlikely that the NSFR would fall below 100% within the next three years and would thus raise concerns related to financial stability or the international level playing field. Hence, the Assessment Team considers the finding as not material.</p>
Materiality	Not material

### 2.2.2 Available stable funding

This component is assessed as compliant with the Basel standard. No findings were identified.

### 2.2.3 Required stable funding

This component is assessed as compliant with the Basel standard. No findings were identified.

### 2.2.4 Disclosure requirements

This component is assessed as compliant with the Basel standard. No findings were identified.

## 2.3 Observations

The following observations highlight certain special features of the regulatory implementation of the Basel NSFR standard in Türkiye. These are presented to provide additional context and information. Observations are considered compliant with the Basel standards and do not have a bearing on the assessment outcome.

### 2.3.1 Scope, minimum requirement and application issues

Basel paragraph number	8: Introduction
Reference in the domestic regulation	RNSFR Article 28 for the calculation of NSFR and CNSFR Article 13(4), footnote 2 for the disclosure requirement
Observation	The Basel Committee agreed that the Basel NSFR standard should become a minimum Basel requirement on 1 January 2018 and that the Basel NSFR disclosure standard should become a minimum Basel requirement for the first semiannual Pillar 3 report after 1 January 2018. The NSFR and related disclosure in Türkiye came into effect on 1 January 2024, which is a long period after the expected date of implementation. The BRSA explained that this delay was primarily caused by the onset of the Covid-19 pandemic and consequent deferment of the consultation process.
Basel paragraph number	9: Definition and minimum requirements
Reference in the domestic regulation	RNSFR Article 4
Observation	Paragraph 9 of the Basel standard defines "available stable funding" as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The requirement for the capital and liabilities to be reliable over a time horizon of one year is not explicitly mentioned in the Turkish regulations. However, the Turkish authorities note that the reporting template, which is an integral part of the RNSFR, in effect applies the one-year time horizon. The clarification was considered satisfactory by Assessment Team.
Basel paragraph number	50: Scope of application
Reference in the domestic regulation	RNSFR Article 1, 3 and 5
Observation	All deposit and participation banks established in Türkiye (including branches of foreign banks in Türkiye) are subject to NSFR regulations issued by the BRSA. However, the development and investment banks established in Türkiye have been exempted from meeting the minimum 100% NSFR requirements, on the basis that they are small and not internationally active. Until the BRSA determines an appropriate minimum ratio, they are only required to calculate and report the NSFR to the BRSA.

### 2.3.2 Disclosure requirements

Basel paragraph number	Template LIQ2 (NSFR): Content
Reference in the domestic regulation	CNSFR Article 13(4)
Observation	The Basel NSFR disclosure standard requires quarter-end reporting (covering the current and previous quarter-ends). The Turkish CNSFR requires two sets of disclosures: (i) quarterly disclosure of the NSFR calculated according to the Turkish RNSFR for current and previous period ends (that is, in line with the Basel requirement) and (ii) disclosure of the three-month simple average of NSFRs for the last three month-ends, for the current and previous period.

## Annexes

### Annex 1: RCAP Assessment Team and Review Team

#### Assessment Team Leader

Mr Claude Wampach	Commission de Surveillance du Secteur Financier
-------------------	---

#### Assessment Team members

Mr Faisal Abu Thunain	Saudi Central Bank
Mr John Lin	Australian Prudential Regulation Authority
Ms Bingzhe Zhao	People's Bank of China
Ms Maja Zulim	European Central Bank

#### Supporting members

Ms Julie Clastot	Commission de Surveillance du Secteur Financier
Mr Fernando Pérez Castaños-Mollor	Commission de Surveillance du Secteur Financier
Mr Joé Schumacher	Commission de Surveillance du Secteur Financier
Ms Mathilde Lalaude-Labayle	Basel Committee Secretariat
Mr Pradeep Kumar	Basel Committee Secretariat
Mr Carsten Folkertsma	Basel Committee Secretariat
Mr Noel Reynolds	Basel Committee Secretariat

#### Review Team members

Mr Jorge Luis García Ramírez	Bank of Mexico
Mr Pablo Pérez	Bank of Spain
Mr Andrew Tan	Monetary Authority of Singapore
Mr Stefan Hohl	Basel Committee Secretariat

## Annex 2: List of Basel standards and implementing regulations issued by the Turkish authorities

The following Basel standards were used as the basis of this RCAP assessment:

- *Basel III: the Net Stable Funding Ratio*, October 2014
- *Basel III – The Net Stable Funding Ratio: frequently asked questions*, February 2017
- *Pillar 3 disclosure requirements – consolidated and enhanced framework*, March 2017
- *Implementation of Net Stable Funding Ratio and treatment of derivative liabilities*, October 2017
- *Basel III: Treatment of extraordinary monetary policy operations in the Net Stable Funding Ratio*, June 2018

Table A.1 lists the regulations issued by the Turkish authorities to implement the NSFR in Türkiye. Previous RCAP assessments of the Turkish implementation of the Basel standards considered the binding nature of regulatory documents in Türkiye.<sup>4</sup> This RCAP Assessment Team did not repeat that assessment, but instead relied on the previous assessments' findings. Those assessments concluded that the types of instruments described in Table A.1 could be considered as binding on banks and supervisors for the purposes of an RCAP assessment.

Overview of relevant liquidity regulations in Türkiye

Table A.1

Domestic regulations	Type, version and date
Law	Banking Law (no 5411) Issued: November 2005
Regulation	Regulation on Calculation of the Net Stable Funding Ratio of Banks (RNSFR) Issued: May 2023
Communiqué	Communiqué on Financial Statements to be Disclosed to the Public by Banks (CNSFR) Issued: May 2023
Guideline	Guideline for Liquidity Risk Management (GLRM) Issued: March 2016
Source: BRSA.	

<sup>4</sup> See Section 1.1 and Annex 6 of Basel Committee on Banking Supervision, *Regulatory Consistency Assessment Programme (RCAP) Assessment of Basel III risk-based capital regulations – Türkiye*, March 2016, [www.bis.org/bcbs/publ/d359.pdf](http://www.bis.org/bcbs/publ/d359.pdf).



## Annex 3: Key liquidity indicators of the Turkish banking system

Overview of Turkish banking sector liquidity as of March 2024

Table A.2

Size of banking sector (TRY, millions)		
Total exposures of all banks operating in Türkiye (including off-balance sheet exposures)	40,109,402	
Total assets of all locally incorporated internationally active banks	31,303,464	
Total assets of locally incorporated banks to which liquidity standards under the Basel Framework are applied	38,275,073	
Number of banks		
Number of banks operating in Türkiye (excluding local representative offices)	63	
Number of G-SIBs	0	
Number of D-SIBs	8	
Number of banks which are internationally active	8	
Number of banks required to implement Basel III liquidity standards	43	
Number of banks required to implement domestic liquidity standards	20	
Breakdown of NSFR for seven RCAP sample banks (TRY, millions)	Unweighted	Weighted
Capital	2,163,082	2,163,082
Stable deposits from retail and small business customers	1,603,068	1,522,915
Less stable deposits from retail and small business customers	6,400,352	5,761,379
Unsecured funding from non-financial corporates	4,019,847	1,946,677
Unsecured funding from central banks, sovereigns, PSEs, MDBs and NDBs	498,802	231,088
Unsecured funding from financials (other legal entities)	3,023,833	974,066
Secured funding (all counterparties)	959,968	207,676
Other liabilities	1,468,632	167,485
Total available stable funding	20,137,583	12,974,368
Cash and central bank reserves	3,039,719	0
Loans to financial institutions	1,096,064	602,210
Securities eligible as Level 1 HQLA	3,388,481	567,867
Securities eligible as Level 2A HQLA	24,150	18,565
Securities eligible as Level 2B HQLA	5,578	3,221
All residential mortgages	394,554	248,063
Loans, <1 year	4,766,829	2,384,580
Other loans, > 1 year, risk weight<=35%	451,772	293,652
Loans, risk weight>35%	4,267,679	3,494,350
Derivatives	121,643	121,642
All other assets	2,750,432	2,213,258
Off-balance sheet	8,997,766	449,887
Total required stable funding	29,304,668	10,397,298
NSFR		124.8%

Source: BRSA.

## Annex 4: Materiality assessment

The outcome of the RCAP assessment is based on the materiality of the findings described in Section 2.2 and summarised in Table A.3. Assessment Teams evaluate the materiality of findings quantitatively where possible or using expert judgment when the impact cannot be quantified.

The materiality assessment for quantifiable gaps is based on the cumulative impact of the identified deviations on the reported NSFRs of banks in the RCAP sample. These banks are listed in Table A.4.

Number of deviations by component			Table A.3
Component	Not material	Potentially material	Material
Scope, minimum requirement and application issues	1	0	0
Available stable funding (numerator)	0	0	0
Required stable funding (denominator)	0	0	0
NSFR disclosure requirements	0	0	0

RCAP sample banks		Table A.4
Banking group	Share of banks' assets in the total assets of the internationally active banks in the Turkish banking system (in per cent)	
T.C. Ziraat Bankası	21.42	
Türkiye İş Bankası	14.21	
Türkiye Garanti Bankası	12.82	
Türkiye Vakıflar Bankası	12.81	
Yapı Kredi Bankası	11.81	
Türkiye Halk Bankası	10.93	
Akbank	9.80	

For this purpose, banking assets are based on the measure of total exposures used in the leverage ratio, which includes both on- and off-balance sheet exposures.

Source: BRSA.

## Annex 5: Areas where Turkish rules are stricter than the Basel standards

In certain areas, the Turkish regulations have adopted a stricter approach than the minimum standards prescribed by the Basel Committee. These are listed below for information. The stricter rules have not been taken into account as mitigants for the overall or component-level assessment of compliance.

- The Basel standard requires application of the NSFR to all internationally active banks on a consolidated basis. The BRSA applies the NSFR at both the solo and consolidated levels and, in addition to the internationally active banks, it applies the NSFR standards to a broader set of banks.
- In addition to the requirement of calculating and reporting the NSFR in the reporting currency (TRY), the BRSA also requires banks to calculate and report a foreign currency NSFR.
- The Basel NSFR disclosure requirement sets a semiannual disclosure frequency. The Turkish requirement goes beyond that Basel standard by setting a quarterly disclosure frequency, asking banks to disclose March, June, September and December quarter-end data.

## Annex 6: Elements of the NSFR subject to national discretion

Implementation of national discretions by the Turkish authorities

Table A.5

Basel paragraph	Description	National implementation
25(a)	Treatment of deposits between banks within the same cooperative network	Not applicable
31	Treatment of excess collateral in a covered bond collateral pool allowing for multiple issuance	Not applicable
31, 36	Treatment of central bank operations	Article 25 of the RNSFR gives power to the BRSA in agreement with the central bank to determine reduced RSF factors for assets encumbered for at least six months in the case of extraordinary liquidity operations, with the condition that reduced RSF factors shall not be lower than the RSF factor applied to the equivalent asset that is unencumbered.
43	RSF factor for derivative liabilities	The BRSA assigns a 10% RSF factor for derivative liabilities.
45	Treatment of interdependent assets and liabilities	Not applicable
47	RSF factors for other contingent funding obligations	The BRSA applies a uniform RSF of 5% for all off-balance sheet exposures.
50	Scope of application of NSFR and scope of consolidation of entities within a banking group	The RNSFR has been applied to all deposit and participation banks on an individual and a consolidated basis. On the other hand, development and investment banks have been exempted from meeting a minimum NSFR, but they have been required to report their NSFRs.

Source: BRSA.