

## Turkish Banking Regulations Now Allow Credit Agreements to be Restructured More Easily

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Turkey has amended classification rules for banks (including foreign branches) which apply when classifying collectible credit groups and other receivables. The changes allow conditions of underlying agreements to be restructured more easily. Agreements can now be changed, provided they continue to meet the relevant credit group classification criteria. Credits and other receivables can be restructured, without changing credit group classifications.

The Amending Regulation Regarding Regulation on Specification of Credits and Other Receivables by Banks and Procedure and Principles of Allowances which will be Reserved for These ("**Amendment Regulation**") was published in Official Gazette number 29840 on 27 September 2016.

Notable changes introduced by the Amendment Regulation include:

- The content of the "First Group- Qualified Credits and Other Receivables" is not changed. However, conditions can now be changed in agreements for First Group credits or other receivables, provided the agreements maintain the group conditions.
- In general, credits and other receivables which are likely to be collectable, but due to deferrals or payment date being more than 30 days with a dispensable reason, are classified as "Second Group-Credits and Other Receivables Under Close Monitoring".
- If a customer has multiple credits from the same bank and any of them are classified in the Second Group and all others in the First Group, all the customer's credits will now be deemed to be in this Second Group. Provided these credits sustain the conditions of their group, the conditions of agreements for credits and other receivables can be changed.
- The Regulation is revoked which outlines the method of reserving accounts specifically for consumer credits other than housing credits. Under this change, housing credit (such as mortgages) are no longer separated from regular consumer credit.

Please see this [link](#) for the full text of Amendment Regulation (only available in Turkish).

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