

BRSA Weekly

Week-ending Year

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2011 was marked by loan growth controversies. The year passed with the debate on loan growth. At the beginning of 2011 in order to protect the economy against external shocks caused by the European debt crisis and tap domestic demand which widens the current account deficit, the government aimed at capping loan growth to 25% annually. To achieve this target the CBRT initiated unconventional policies (e.g. keeping the policy rate stable, increasing reserve requirement rates or as a latest move - the interest rate corridor upwards). As of the last week of the year, total loans increased to TRY 693.2bn (TRY 490.5bn in TRY loans and TRY 202.8bn in FX loans) indicating 0.9% WoW growth. Total loan growth was 29.5% YtD. LDR reached 94.8%, up 13.9% YtD. We believe that increases in LDR will limit the loan growth in 2012. With an increase of 1.3% WoW, TRY loans were the main factor of the growth in total loans. Despite 30% YoY total loan growth, FX adjusted total loans and FX loan growth came in at 22.6% YtD and 13.6% YtD.

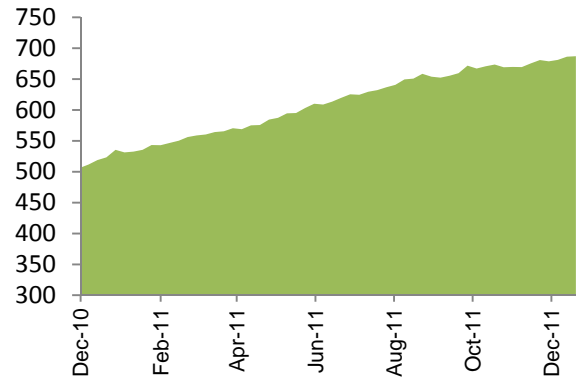
When we look at breakdown of loans, we see a significant YtD growth in corporate loans (39.5% YtD). However, YtD growth in long-term loans such as mortgage loans showed relatively weaker performance with respect to other segments (22.7% YoY). Consumer loans that were at the center of the abovementioned loan debate outperformed total loan growth by 30.5% YtD. In the detailed data, private and public banks are the main drivers of consumer loan growth with 34.5% and 34.0% YtD growth. With respect to their ownership structures, private banks were the main driver in loan growth with 36.2% YtD. Loan growth in foreign owned banks was 13.4% YtD, underperforming the sector (29.5% YtD).

In terms of funding, deposits decreased 0.4% WoW. Deposit growth in the first half remained flat within the range of 10-11% YoY growth due to alternative funding channels. However, in the second half of the year, banks' alternative channels in funding such as repo financing were cut by regulators and deposit growth accelerated in the last quarter of the year. In terms of YtD growth, it broke through the 11-12% range and hit 13% YtD in December.

Banks had been exploiting cheap repo financing provided by the CBRT in the first half of the year. Strong banks are avoiding funding themselves with repo financing after the actions taken by the CBRT. YoY and YtD repo financing growth remain strong thanks to O/N injections from the CBRT. However the CBRT stopped injecting funding through O/Ns in October by increasing its overnight repo lending rate to 12% from 8% on Oct. 20 as it sought to deter banks from borrowing liras. Banks with higher TL funding needs and more dependent on repo financing may be hurt the most due to the tightening bias of the CBRT allowing banks to borrow from upper band market rates. We may observe higher deposit costs along with continuing increases in lending rates in various maturities.

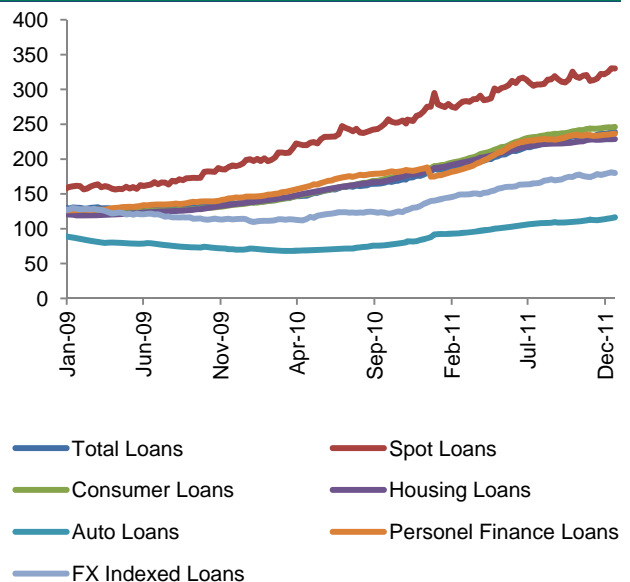
NPLs increased 1.0% WoW. We observed 5.2% YtD healing in NPLs. Participation banks were the worst performers of the week with a 7.3% NPL increase.

Graph 1: Loan growth (TRY, bn)



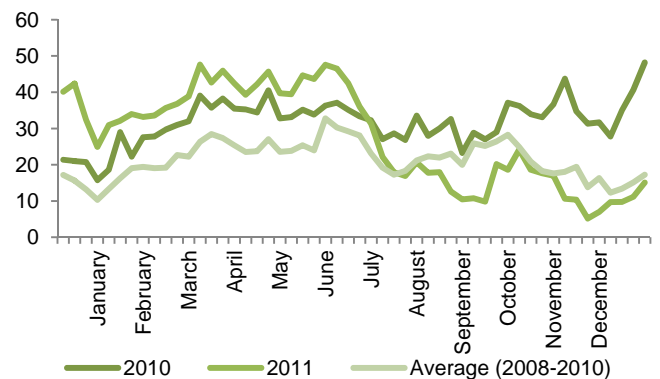
Source: BRSA

Graph 2: Loan growth index (Jan 2008 = 100)



Source: BRSA

Graph 3: Annualized loan growth



Source: BRSA

BRSA DATA BY SEGMENT

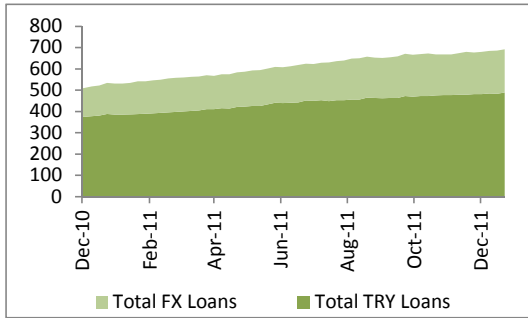
| | 12/30/2011 | 12/23/2011 | 11/25/2011 | 12/31/2010 | 12/31/2010 | Differences | | | |
|---------------------------------------|------------|------------|------------|------------|------------|-------------|-------|--------|--------|
| | | | | | | WoW | MoM | YTD | YoY |
| Loans (TRY bn.) | | | | | | | | | |
| Total Loans | 693.24 | 687.04 | 680.69 | 535.34 | 535.34 | 0.9% | 1.8% | 29.5% | 29.5% |
| Total TRY Loans | 490.49 | 484.09 | 478.97 | 389.33 | 389.33 | 1.3% | 2.4% | 26.0% | 26.0% |
| Total FX Loans | 202.75 | 202.95 | 201.72 | 146.01 | 146.01 | -0.1% | 0.5% | 38.9% | 38.9% |
| Loans by Segment | | | | | | | | | |
| Loans excl. FI | 635.47 | 629.98 | 624.04 | 483.72 | 483.72 | 0.9% | 1.8% | 31.4% | 31.4% |
| Consumer Loans | 168.43 | 167.38 | 165.95 | 129.04 | 129.04 | 0.6% | 1.5% | 30.5% | 30.5% |
| Mortgage Loans | 74.59 | 74.35 | 74.02 | 60.80 | 60.80 | 0.3% | 0.8% | 22.7% | 22.7% |
| Auto Loans | 7.37 | 7.19 | 6.97 | 5.67 | 5.67 | 2.5% | 5.6% | 30.0% | 30.0% |
| FX Index Loans | 32.74 | 32.91 | 32.42 | 25.42 | 25.42 | -0.5% | 1.0% | 28.8% | 28.8% |
| GPL | 62.09 | 61.91 | 61.29 | 45.84 | 45.84 | 0.3% | 1.3% | 35.4% | 35.4% |
| Corporate Loans | 149.74 | 147.36 | 144.90 | 107.51 | 107.51 | 1.6% | 3.3% | 39.3% | 39.3% |
| Deposits (TRY bn.) | | | | | | | | | |
| Total Deposits | 731.12 | 728.11 | 719.74 | 644.58 | 644.58 | 0.4% | 1.6% | 13.4% | 13.4% |
| Total TRY Deposits | 473.24 | 468.47 | 465.70 | 447.55 | 447.55 | 1.0% | 1.6% | 5.7% | 5.7% |
| Total FX Deposits | 257.88 | 259.65 | 254.04 | 197.03 | 197.03 | -0.7% | 1.5% | 30.9% | 30.9% |
| Deposits by Segment | | | | | | | | | |
| Saving Deposits | 390.85 | 390.07 | 388.78 | 335.59 | 335.59 | 0.2% | 0.5% | 16.5% | 16.5% |
| Demand deposits | 48.61 | 48.43 | 48.75 | 36.93 | 36.93 | 0.4% | -0.3% | 31.6% | 31.6% |
| Time Deposits | 342.24 | 341.65 | 340.03 | 298.66 | 298.66 | 0.2% | 0.6% | 14.6% | 14.6% |
| Corporate Deposits | 201.11 | 200.80 | 198.22 | 187.02 | 187.02 | 0.2% | 1.5% | 7.5% | 7.5% |
| Other Deposits | 64.37 | 63.23 | 59.71 | 61.01 | 61.01 | 1.8% | 7.8% | 5.5% | 5.5% |
| Participation Accounts | 39.67 | 39.20 | 39.01 | 33.70 | 33.70 | 1.2% | 1.7% | 17.7% | 17.7% |
| Repo Transactions | 97.00 | 101.98 | 102.00 | 57.50 | 57.50 | -4.9% | -4.9% | 68.7% | 68.7% |
| NPLs (TRY bn.) | | | | | | | | | |
| Total Gross NPL | 18.76 | 18.58 | 19.16 | 19.78 | 19.78 | 1.0% | -2.1% | -5.2% | -5.2% |
| Total Specific provisioning | 15.12 | 15.12 | 15.77 | 16.78 | 16.78 | 0.0% | -4.2% | -9.9% | -9.9% |
| Total NPL Consumer Loans | 3.20 | 3.18 | 3.25 | 3.64 | 3.64 | 0.4% | -1.6% | -12.1% | -12.1% |
| NPL Corporate Loans | 2.94 | 2.62 | 2.61 | 2.97 | 2.97 | 12.1% | 12.6% | -1.0% | -1.0% |
| Total NPL Consumer Loans | 3.46 | 3.46 | 3.75 | 3.79 | 3.79 | -0.1% | -7.8% | -8.8% | -8.8% |
| Total Corp. Credit Cards | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.0% | -1.4% | -1.4% | -1.4% |
| NPL Ratios | | | | | | | | | |
| NPL Ratio | 2.7% | 2.7% | 2.8% | 3.7% | 3.70% | 0.1% | -3.9% | -26.8% | -26.8% |
| NPL Ratio (Consumer Loans) | 1.9% | 1.9% | 2.0% | 2.8% | 2.82% | -0.2% | -3.1% | -32.7% | -32.7% |
| Securities Portfolio (TRY bn.) | | | | | | | | | |
| Total Securities | 285.11 | 287.06 | 289.59 | 287.90 | 287.90 | -0.7% | -1.5% | -1.0% | -1.0% |
| Government Securities | 129.68 | 128.92 | 130.47 | 193.45 | 193.45 | 0.6% | -0.6% | -33.0% | -33.0% |
| Held for Trading | 5.02 | 3.44 | 4.63 | 5.55 | 5.55 | 46.0% | 8.4% | -9.7% | -9.7% |
| Available for Sale | 90.46 | 95.11 | 100.08 | 129.35 | 129.35 | -4.9% | -9.6% | -30.1% | -30.1% |
| Held to Maturity | 34.19 | 30.38 | 25.76 | 58.55 | 58.55 | 12.6% | 32.7% | -41.6% | -41.6% |
| Repo Transactions | 100.87 | 106.18 | 106.17 | 55.68 | 55.68 | -5.0% | -5.0% | 81.2% | 81.2% |
| Off Balance Sheet | | | | | | | | | |
| Off Balance Sheet Liabilities | 1379.73 | 1335.70 | 1285.10 | 1007.12 | 1007.12 | 3.3% | 7.4% | 37.0% | 37.0% |
| Non-Cash Loans | 218.72 | 216.90 | 211.71 | 163.65 | 163.65 | 0.8% | 3.3% | 33.7% | 33.7% |
| Commitments | 1161.01 | 1118.81 | 1073.39 | 843.46 | 843.46 | 3.8% | 8.2% | 37.6% | 37.6% |
| Derivatives | 577.73 | 610.87 | 602.23 | 383.19 | 383.19 | -5.4% | -4.1% | 50.8% | 50.8% |
| Other Commitments | 583.28 | 507.94 | 471.16 | 460.28 | 460.28 | 14.8% | 23.8% | 26.7% | 26.7% |
| Key Ratios | | | | | | | | | |
| Loan to Deposit Ratio | 94.8% | 94.4% | 94.6% | 83.1% | 83.1% | 0.5% | 0.3% | 13.6% | 13.9% |
| Loan to Total Assets | 2.43 | 2.39 | 2.35 | 1.86 | 1.86 | 1.6% | 3.4% | 28.7% | 26.4% |

BRSA DATA BY BANKING GROUP

| | 12/30/2011 | 12/23/2011 | 11/25/2011 | 12/31/2010 | 12/31/2010 | Differences | | | |
|---|------------|------------|------------|------------|------------|-------------|--------|--------|--------|
| | | | | | | WoW | MoM | YTD | YoY |
| Loans (TRY bn.) | | | | | | | | | |
| Total Loans | 693.24 | 687.04 | 680.69 | 535.34 | 535.34 | 0.9% | 1.8% | 29.5% | 29.5% |
| Total Loans Public Banks | 182.21 | 181.34 | 180.27 | 144.92 | 144.92 | 0.5% | 1.1% | 25.7% | 25.7% |
| Total Loans Private Banks | 352.89 | 348.33 | 344.45 | 259.12 | 259.12 | 1.3% | 2.4% | 36.2% | 36.2% |
| Total Loans Foreign Banks | 91.68 | 91.22 | 91.32 | 80.86 | 80.86 | 0.5% | 0.4% | 13.4% | 13.4% |
| Total Loans Participation Banks | 39.31 | 39.52 | 39.23 | 31.64 | 31.64 | -0.5% | 0.2% | 24.2% | 24.2% |
| Spot Loans (TRY bn.) | | | | | | | | | |
| Spot Loans | 81.20 | 79.29 | 77.41 | 70.82 | 70.82 | 2.4% | 4.9% | 14.7% | 14.7% |
| Spot Loans Public Banks | 4.09 | 4.27 | 4.66 | 9.81 | 9.81 | -4.3% | -12.3% | -58.3% | -58.3% |
| Spot Loans Private Banks | 64.73 | 62.82 | 60.75 | 50.30 | 50.30 | 3.0% | 6.5% | 28.7% | 28.7% |
| Spot Loans Foreign Banks | 3.95 | 3.94 | 3.86 | 3.58 | 3.58 | 0.2% | 2.5% | 10.4% | 10.4% |
| Consumer Loans (TRY bn.) | | | | | | | | | |
| Consumer Loans | 168.43 | 167.38 | 165.95 | 129.04 | 129.04 | 0.6% | 1.5% | 30.5% | 30.5% |
| Consumer Loans Public Banks | 62.16 | 61.99 | 61.77 | 46.39 | 46.39 | 0.3% | 0.6% | 34.0% | 34.0% |
| Consumer Loans Private Banks | 73.83 | 73.16 | 72.20 | 54.91 | 54.91 | 0.9% | 2.3% | 34.5% | 34.5% |
| Consumer Loans Foreign Banks | 26.18 | 26.05 | 25.93 | 23.68 | 23.68 | 0.5% | 1.0% | 10.6% | 10.6% |
| Mortgage Loans (TRY bn.) | | | | | | | | | |
| Mortgage Loans | 74.59 | 74.35 | 74.02 | 60.80 | 60.80 | 0.3% | 0.8% | 22.7% | 22.7% |
| Mortgage Loans Public Banks | 22.08 | 22.06 | 22.04 | 16.96 | 16.96 | 0.1% | 0.2% | 30.2% | 30.2% |
| Mortgage Loans Private Banks | 35.05 | 34.88 | 34.62 | 27.22 | 27.22 | 0.5% | 1.2% | 28.7% | 28.7% |
| Mortgage Loans Foreign Banks | 12.47 | 12.46 | 12.52 | 13.26 | 13.26 | 0.1% | -0.4% | -6.0% | -6.0% |
| Deposits (TRY bn.) | | | | | | | | | |
| Total Deposits Public Banks | 239.17 | 240.23 | 239.03 | 226.86 | 226.86 | -0.4% | 0.1% | 5.4% | 5.4% |
| Total Deposits Private Banks | 363.93 | 359.42 | 352.93 | 306.85 | 306.85 | 1.3% | 3.1% | 18.6% | 18.6% |
| Total Deposits Foreign Banks | 88.35 | 89.26 | 88.78 | 77.18 | 77.18 | -1.0% | -0.5% | 14.5% | 14.5% |
| Saving Deposits (TRY bn.) | | | | | | | | | |
| Saving Deposits Public Banks | 127.16 | 129.19 | 129.99 | 117.14 | 117.14 | -1.6% | -2.2% | 8.6% | 8.6% |
| Saving Deposits Private Banks | 210.08 | 207.69 | 206.10 | 173.82 | 173.82 | 1.1% | 1.9% | 20.9% | 20.9% |
| Saving Deposits Foreign Banks | 53.61 | 53.19 | 52.68 | 44.63 | 44.63 | 0.8% | 1.8% | 20.1% | 20.1% |
| Commercial Deposits (TRY bn.) | | | | | | | | | |
| Commercial Deposits Public Banks | 50.76 | 50.18 | 51.89 | 58.53 | 58.53 | 1.2% | -2.2% | -13.3% | -13.3% |
| Commercial Deposits Private Banks | 123.43 | 123.59 | 119.15 | 103.25 | 103.25 | -0.1% | 3.6% | 19.5% | 19.5% |
| Commercial Deposits Foreign Banks | 26.92 | 27.03 | 27.18 | 25.24 | 25.24 | -0.4% | -1.0% | 6.7% | 6.7% |
| Participation Accounts (TRY bn.) | | | | | | | | | |
| Participation Banks | 29.52 | 29.64 | 29.97 | 27.21 | 27.21 | -0.4% | -1.5% | 8.5% | 8.5% |
| Repo Financing (TRY bn.) | | | | | | | | | |
| Repo Financing Public Banks | 35.71 | 36.34 | 35.53 | 16.25 | 16.25 | -1.7% | 0.5% | 119.8% | 119.8% |
| Repo Financing Private Banks | 52.35 | 52.99 | 55.83 | 37.71 | 37.71 | -1.2% | -6.2% | 38.8% | 38.8% |
| Repo Financing Foreign Banks | 6.58 | 9.78 | 8.72 | 2.34 | 2.34 | -32.8% | -24.6% | 181.7% | 181.7% |
| NPLs (TRY bn.) | | | | | | | | | |
| Sector | 18.76 | 18.58 | 19.16 | 19.78 | 19.78 | 1.0% | -2.1% | -5.2% | -5.2% |
| Public Banks | 4.68 | 4.65 | 4.61 | 4.93 | 4.93 | 0.8% | 1.5% | -5.1% | -5.1% |
| Private Banks | 8.41 | 8.35 | 9.02 | 8.66 | 8.66 | 0.7% | -6.8% | -2.9% | -2.9% |
| Foreign Banks | 4.09 | 4.08 | 3.98 | 4.76 | 4.76 | 0.1% | 2.7% | -14.1% | -14.1% |
| Participation Banks | 1.22 | 1.14 | 1.18 | 1.08 | 1.08 | 7.3% | 3.5% | 12.9% | 12.9% |
| NPL Ratios | | | | | | | | | |
| NPL Ratio Public Banks | 3% | 3% | 3% | 3% | 3% | 0.3% | 0.4% | -24.5% | -24.5% |
| NPL Ratio Private Banks | 2% | 2% | 3% | 3% | 3% | -0.6% | -9.0% | -28.7% | -28.7% |
| NPL Ratio Foreign Banks | 4% | 4% | 4% | 6% | 6% | -0.4% | 2.3% | -24.3% | -24.3% |
| NPL Ratio Participation Banks | 3% | 3% | 3% | 3% | 3% | 7.8% | 3.3% | -9.1% | -9.1% |
| Total Securities Portfolio (TRY bn.) | | | | | | | | | |
| Public Banks | 110.68 | 110.78 | 110.70 | 110.16 | 110.16 | -0.1% | 0.0% | 0.5% | 0.5% |
| Private Banks | 143.74 | 145.60 | 147.00 | 148.08 | 148.08 | -1.3% | -2.2% | -2.9% | -2.9% |
| Foreign Banks | 23.71 | 23.76 | 25.19 | 23.87 | 23.87 | -0.2% | -5.9% | -0.7% | -0.7% |

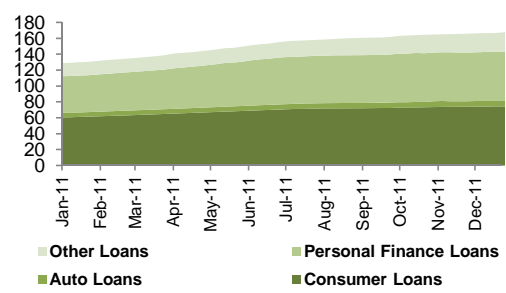
SECTOR TRENDS

Table 4: Currency Breakdown of loans (TRY bn.)



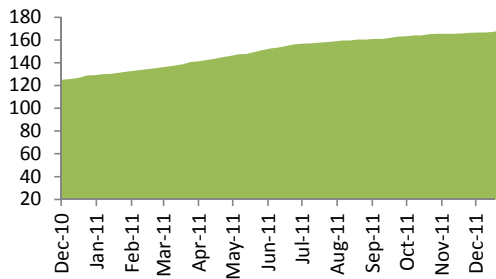
Source: BRSA

Table 5: Loan Breakdown by Sector (TRY bn.)



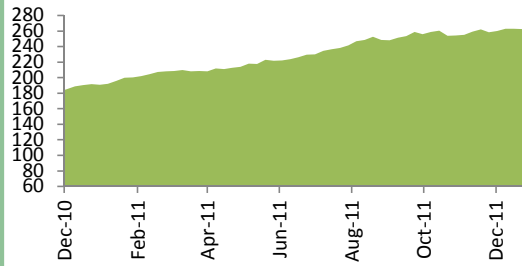
Source: BRSA

Table 6: Consumer Loans (TRY bn.)



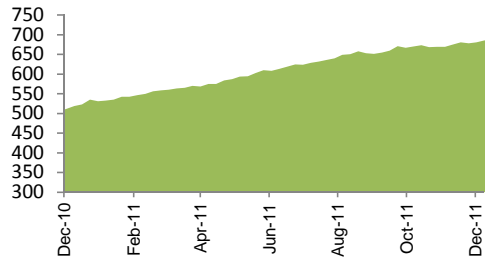
Source: BRSA

Table 7: Other Loans (TRY bn.)



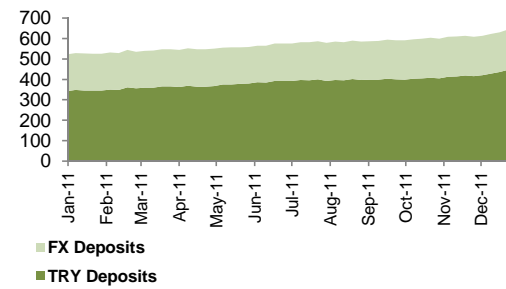
Source: BRSA

Table 8: Total Deposits (bn)



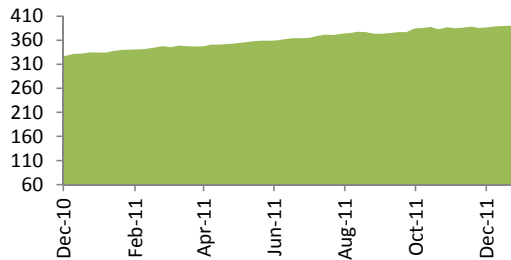
Source: BRSA

Table 9: Currency Breakdown of Deposits (TRY bn.)



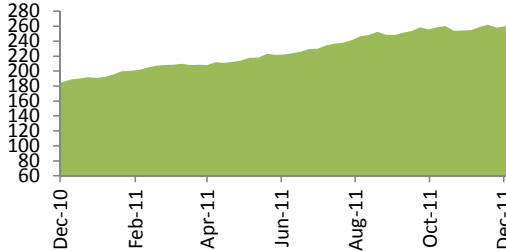
Source: BRSA

Table 10: Saving Deposits



Source: BRSA

Table 11: Time Deposits



Source: BRSA

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