

BRSA Weekly

Starting New Year

Okan Uzun

Analyst
okan.uzun@sekeryatirim.com

The new year began with a relatively sharp decrease in loan growth after the strong growth in 2011. In particular, consumer loan growth will be watched closer by the BRSA and markets unless CAD risks ease. As of the first week of the year, total loans decreased to TRY 687.4bn (TRY 488.6bn in TRY loans and TRY 199.2bn in FX loans) indicating -0.8% WoW growth. LDR reached 95.8%, up 1.0% WoW. Starting the year with high LDR will limit the loan growth in 2012. With a decrease of 1.8% WoW, FX loans were the main factor for the retreat in total loans. Appreciation in the lira against the dollar was behind the adjusted nominal contraction in FX adjusted loans

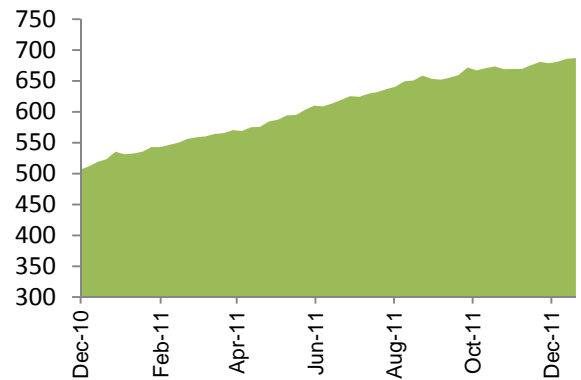
When we look at the breakdown of loans, consumer loans remained unchanged. However, we see a significant WoW growth in corporate loans (0.3% YtD. With respect to their ownership structures, total loan growth in private banks was cut by 1.8% WoW. On the other hand participation banks were stars of the week in terms of WoW loan growth.

In terms of funding, deposits decreased 1.8% WoW. Corporate deposits were the main factor in the decrease in total deposit growth.

Repo financing will be more fashionable in 2012 after the CBRT invented 'exceptional/normal' day concept. For that reason the CBRT's auctions have become much more crucial. The Bank started funding banks with the weekly repo at 5-12%. When we look at total funding costs we see that it is higher than 8% for the banks. Recall that 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 the upper-band of market rates. We may observe higher deposit costs along with continuing increases in lending rates in various maturities.

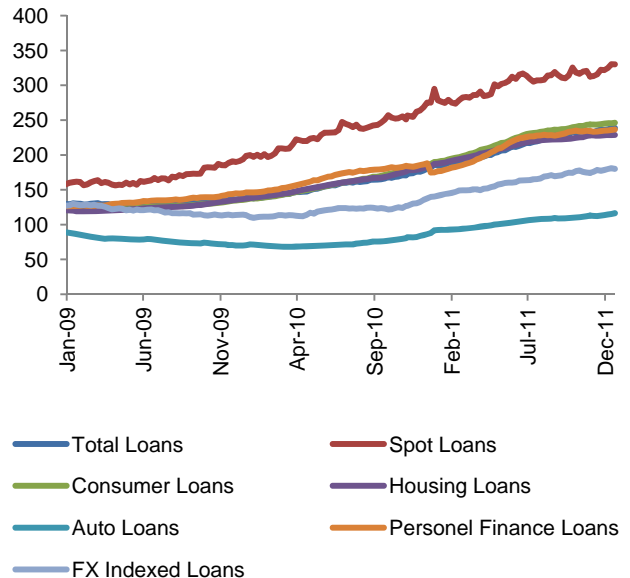
Despite the decrease in loan growth, NPLs increased 0.7% WoW. We might observe an increase in NPLs due to deterioration in credit quality. If any deterioration happens participation banks will be hurt more than other bank groups. Participation banks were the worst performers of the week with a 2.7% NPL increase.

Graph 1: Loan growth (TRY, bn)



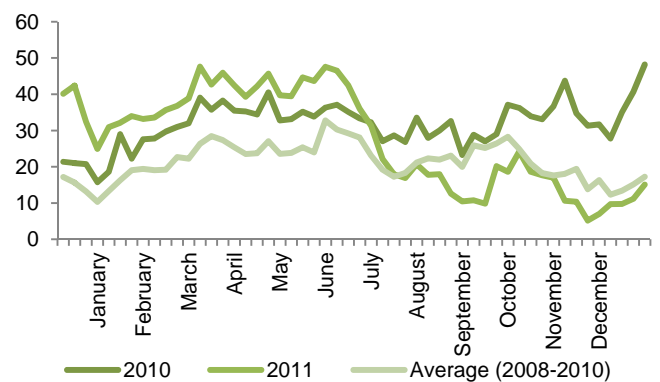
Source: BRSA

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



Source: BRSA

Graph 3: Annualized loan growth



Source: BRSA

BRSA DATA BY SEGMENT

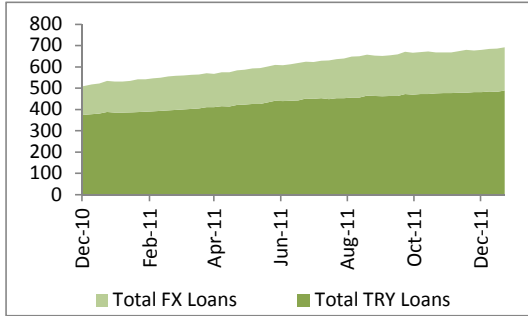
	1/6/2012	12/30/2011	12/2/2011	12/30/2011	1/7/2011	Differences			
						WoW	MoM	YTD	YoY
Loans (TRY bn.)									
Total Loans	687.74	693.24	678.58	693.24	531.29	-0.8%	1.4%	-0.8%	29.4%
Total TRY Loans	488.59	490.49	481.67	490.49	385.71	-0.4%	1.4%	-0.4%	26.7%
Total FX Loans	199.16	202.75	196.91	202.75	145.57	-1.8%	1.1%	-1.8%	36.8%
Loans by Segment									
Loans excl. FI	630.30	635.47	622.40	635.47	479.03	-0.8%	1.3%	-0.8%	31.6%
Consumer Loans	168.44	168.43	166.49	168.43	129.28	0.0%	1.2%	0.0%	30.3%
Mortgage Loans	74.63	74.59	74.16	74.59	60.95	0.0%	0.6%	0.0%	22.4%
Auto Loans	7.37	7.37	7.03	7.37	5.70	0.0%	4.9%	0.0%	29.3%
FX Index Loans	32.62	32.74	32.24	32.74	25.52	-0.4%	1.2%	-0.4%	27.8%
GPL	62.00	62.09	61.51	62.09	45.93	-0.1%	0.8%	-0.1%	35.0%
Corporate Loans	150.21	149.74	146.18	149.74	108.07	0.3%	2.8%	0.3%	39.0%
Deposits (TRY bn.)									
Total Deposits	718.09	731.12	714.80	731.12	634.29	-1.8%	0.5%	-1.8%	13.2%
Total TRY Deposits	462.12	473.24	464.41	473.24	442.91	-2.3%	-0.5%	-2.3%	4.3%
Total FX Deposits	255.97	257.88	250.39	257.88	191.38	-0.7%	2.2%	-0.7%	33.8%
Deposits by Segment									
Saving Deposits	389.61	390.85	385.73	390.85	334.69	-0.3%	1.0%	-0.3%	16.4%
Demand deposits	48.10	48.61	48.17	48.61	36.33	-1.0%	-0.1%	-1.0%	32.4%
Time Deposits	341.51	342.24	337.56	342.24	298.35	-0.2%	1.2%	-0.2%	14.5%
Corporate Deposits	196.24	201.11	192.56	201.11	184.11	-2.4%	1.9%	-2.4%	6.6%
Other Deposits	60.48	64.37	62.03	64.37	58.12	-6.0%	-2.5%	-6.0%	4.1%
Participation Accounts	39.18	39.67	38.45	39.67	33.38	-1.2%	1.9%	-1.2%	17.4%
Repo Transactions	99.49	97.00	104.99	97.00	51.23	2.6%	-5.2%	2.6%	94.2%
NPLs (TRY bn.)									
Total Gross NPL	18.89	18.76	18.64	18.76	19.80	0.7%	1.4%	0.7%	-4.6%
Total Specific provisioning	15.34	15.12	15.51	15.12	16.74	1.5%	-1.1%	1.5%	-8.4%
Total NPL Consumer Loans	3.22	3.20	3.18	3.20	3.50	0.7%	1.2%	0.7%	-8.1%
NPL Corporate Loans	2.93	2.94	2.61	2.94	2.93	-0.1%	12.6%	-0.1%	0.1%
Total NPL Consumer Loans	3.48	3.46	3.53	3.46	3.79	0.5%	-1.6%	0.5%	-8.3%
Total Corp. Credit Cards	0.07	0.07	0.07	0.07	0.06	0.0%	-2.9%	0.0%	6.3%
NPL Ratios									
NPL Ratio	2.7%	2.7%	2.7%	2.7%	3.73%	1.5%	0.0%	1.5%	-26.3%
NPL Ratio (Consumer Loans)	1.9%	1.9%	1.9%	1.9%	2.71%	0.7%	0.0%	0.7%	-29.4%
Securities Portfolio (TRY bn.)									
Total Securities	283.68	285.11	286.27	285.11	284.69	-0.5%	-0.9%	-0.5%	-0.4%
Government Securities	124.75	129.68	125.54	129.68	195.68	-3.8%	-0.6%	-3.8%	-36.3%
Held for Trading	4.76	5.02	3.81	5.02	5.96	-5.1%	25.0%	-5.1%	-20.0%
Available for Sale	91.44	90.46	93.63	90.46	132.22	1.1%	-2.3%	1.1%	-30.8%
Held to Maturity	28.54	34.19	28.10	34.19	57.51	-16.5%	1.6%	-16.5%	-50.4%
Repo Transactions	103.90	100.87	109.69	100.87	51.01	3.0%	-5.3%	3.0%	103.7%
Off Balance Sheet									
Off Balance Sheet Liabilities	1467.52	1379.73	1300.96	1379.73	1060.49	6.4%	12.8%	6.4%	38.4%
Non-Cash Loans	216.11	218.72	209.39	218.72	162.26	-1.2%	3.2%	-1.2%	33.2%
Commitments	1251.41	1161.01	1091.56	1161.01	898.22	7.8%	14.6%	7.8%	39.3%
Derivatives	587.66	577.73	577.02	577.73	401.55	1.7%	1.8%	1.7%	46.4%
Other Commitments	663.75	583.28	514.54	583.28	496.68	13.8%	29.0%	13.8%	33.6%
Key Ratios									
Loan to Deposit Ratio	95.8%	94.8%	94.9%	94.8%	83.8%	1.0%	0.9%	0.0%	13.3%

BRSA DATA BY BANKING GROUP

	1/6/2012	12/30/2011	12/2/2011	12/30/2011	1/7/2011	Differences			
						WoW	MoM	YTD	YoY
Loans (TRY bn.)									
Total Loans	687.74	693.24	678.58	693.24	531.29	-0.8%	1.4%	-0.8%	29.4%
Total Loans Public Banks	181.79	182.21	180.12	182.21	142.90	-0.2%	0.9%	-0.2%	27.2%
Total Loans Private Banks	346.64	352.89	342.01	352.89	254.50	-1.8%	1.4%	-1.8%	36.2%
Total Loans Foreign Banks	92.13	91.68	91.39	91.68	81.57	0.5%	0.8%	0.5%	12.9%
Total Loans Participation Banks	39.89	39.31	39.52	39.31	33.48	1.5%	0.9%	1.5%	19.1%
Spot Loans (TRY bn.)									
Spot Loans	78.79	81.20	77.29	81.20	66.91	-3.0%	1.9%	-3.0%	17.8%
Spot Loans Public Banks	4.28	4.09	4.55	4.09	8.82	4.7%	-5.8%	4.7%	-51.4%
Spot Loans Private Banks	61.66	64.73	60.72	64.73	46.71	-4.7%	1.5%	-4.7%	32.0%
Spot Loans Foreign Banks	4.20	3.95	3.84	3.95	4.15	6.1%	9.3%	6.1%	1.0%
Consumer Loans (TRY bn.)									
Consumer Loans	168.44	168.43	166.49	168.43	129.28	0.0%	1.2%	0.0%	30.3%
Consumer Loans Public Banks	62.14	62.16	61.96	62.16	46.46	0.0%	0.3%	0.0%	33.8%
Consumer Loans Private Banks	73.83	73.83	72.47	73.83	54.98	0.0%	1.9%	0.0%	34.3%
Consumer Loans Foreign Banks	26.17	26.18	25.97	26.18	23.77	0.0%	0.8%	0.0%	10.1%
Mortgage Loans (TRY bn.)									
Mortgage Loans	74.63	74.59	74.16	74.59	60.95	0.0%	0.6%	0.0%	22.4%
Mortgage Loans Public Banks	22.05	22.08	22.08	22.08	16.94	-0.2%	-0.1%	-0.2%	30.2%
Mortgage Loans Private Banks	35.09	35.05	34.69	35.05	27.32	0.1%	1.1%	0.1%	28.5%
Mortgage Loans Foreign Banks	12.46	12.47	12.51	12.47	13.33	0.0%	-0.4%	0.0%	-6.5%
Deposits (TRY bn.)									
Total Deposits Public Banks	233.44	239.17	239.34	239.17	221.32	-2.4%	-2.5%	-2.4%	5.5%
Total Deposits Private Banks	356.13	363.93	348.47	363.93	303.40	-2.1%	2.2%	-2.1%	17.4%
Total Deposits Foreign Banks	89.34	88.35	88.54	88.35	76.19	1.1%	0.9%	1.1%	17.3%
Saving Deposits (TRY bn.)									
Saving Deposits Public Banks	126.44	127.16	128.63	127.16	116.43	-0.6%	-1.7%	-0.6%	8.6%
Saving Deposits Private Banks	209.39	210.08	204.35	210.08	173.63	-0.3%	2.5%	-0.3%	20.6%
Saving Deposits Foreign Banks	53.78	53.61	52.75	53.61	44.63	0.3%	2.0%	0.3%	20.5%
Commercial Deposits (TRY bn.)									
Commercial Deposits Public Banks	49.40	50.76	51.36	50.76	56.25	-2.7%	-3.8%	-2.7%	-12.2%
Commercial Deposits Private Banks	119.52	123.43	114.96	123.43	103.29	-3.2%	4.0%	-3.2%	15.7%
Commercial Deposits Foreign Banks	27.32	26.92	26.24	26.92	24.57	1.5%	4.1%	1.5%	11.2%
Participation Accounts (TRY bn.)									
Participation Banks	29.76	29.52	29.41	29.52	27.41	0.8%	1.2%	0.8%	8.6%
Repo Financing (TRY bn.)									
Repo Financing Public Banks	42.46	35.71	35.71	35.71	15.69	18.9%	18.9%	18.9%	170.6%
Repo Financing Private Banks	53.07	52.35	55.89	52.35	30.86	1.4%	-5.0%	1.4%	72.0%
Repo Financing Foreign Banks	2.17	6.58	10.97	6.58	3.34	-67.1%	-80.3%	-67.1%	-35.1%
NPLs (TRY bn.)									
Sector	18.89	18.76	18.64	18.76	19.80	0.7%	1.4%	0.7%	-4.6%
Public Banks	4.69	4.68	4.63	4.68	4.93	0.1%	1.2%	0.1%	-5.0%
Private Banks	8.49	8.41	8.48	8.41	8.65	1.0%	0.1%	1.0%	-1.8%
Foreign Banks	4.10	4.09	3.99	4.09	4.75	0.3%	2.7%	0.3%	-13.8%
Participation Banks	1.26	1.22	1.18	1.22	1.12	2.7%	6.6%	2.7%	12.3%
NPL Ratios									
NPL Ratio Public Banks	3%	3%	3%	3%	3%	0.3%	0.3%	0.3%	-25.3%
NPL Ratio Private Banks	2%	2%	2%	2%	3%	2.8%	-1.2%	2.8%	-27.9%
NPL Ratio Foreign Banks	4%	4%	4%	4%	6%	-0.2%	1.9%	-0.2%	-23.6%
NPL Ratio Participation Banks	3%	3%	3%	3%	3%	1.2%	5.6%	1.2%	-5.7%
Total Securities Portfolio (TRY bn.)									
Public Banks	110.05	110.68	110.39	110.68	109.60	-0.6%	-0.3%	-0.6%	0.4%
Private Banks	145.54	143.74	145.00	143.74	144.89	1.3%	0.4%	1.3%	0.4%
Foreign Banks	21.27	23.71	23.97	23.71	24.39	-10.3%	-11.3%	-10.3%	-12.8%

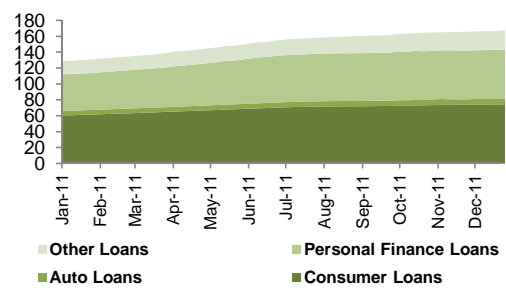
SECTOR TRENDS

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



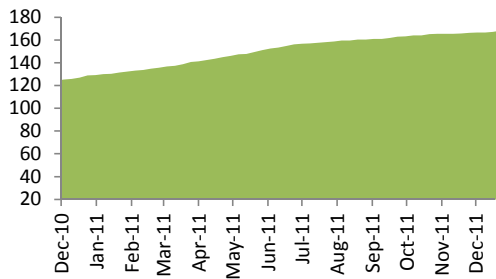
Source: BRSA

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



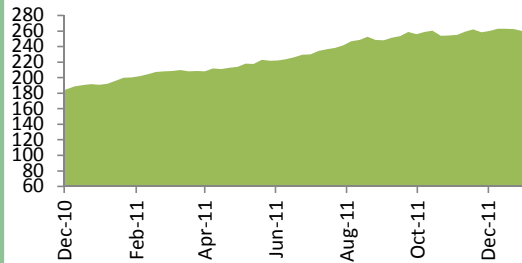
Source: BRSA

Table 6: Consumer Loans (TRY bn.)



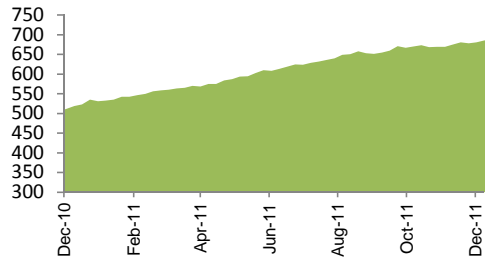
Source: BRSA

Table 7: Other Loans (TRY bn.)



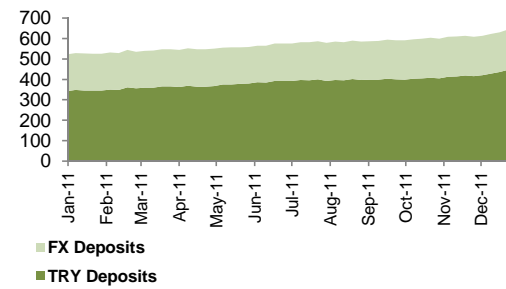
Source: BRSA

Table 8: Total Deposits (bn)



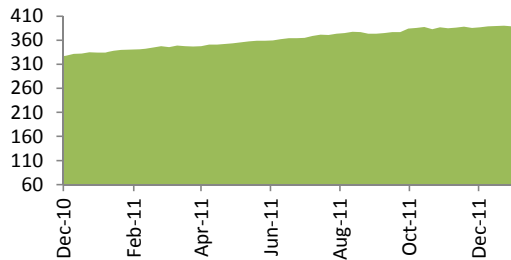
Source: BRSA

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



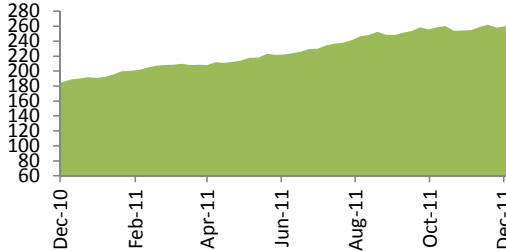
Source: BRSA

Table 10: Saving Deposits



Source: BRSA

Table 11: Time Deposits



Source: BRSA

**DISCLAIMER**

I, Okan Uzun, hereby certify that the views expressed in this research accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

This report has been prepared by Şeker Yatırım Menkul Değerler A.Ş. (Şeker Securities, Inc.). The information and opinions contained herein have been obtained from and are based upon public sources that Şeker Securities considers to be reliable. No representation or warranty, express or implied, is made that such information is accurate or complete and should not be relied upon, as such. All estimates and opinions included in this report constitute our judgments as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. Şeker Securities may, from time to time, have a long or short position in the securities mentioned in this report and may solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) for any company referred to in this report and may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis upon which it is based, before its publication. This report is for the use of intended recipients and may not be reproduced in whole or in part or delivered or transmitted to any other person without the prior written consent of Şeker Securities. By accepting this document you agree to be bound by the foregoing limitations.

Copyright © 2011 Şeker Securities, Inc.