

# BRSA Weekly

## Week-ending 20 January

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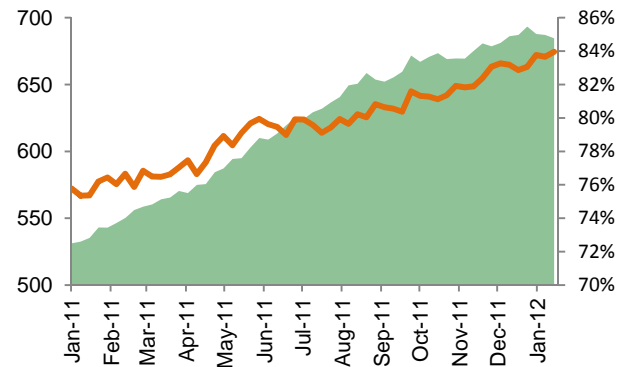
As of the week of Jan.20<sup>th</sup>, total loans decreased to TRY 684.5bn (TRY 489.4bn in TRY loans and TRY 195.5bn in FX loans) indicating -0.4% WoW growth. LDR increased to 95.4%, up by 0.5% WoW. With a decrease of 0.6% WoW, FX loans were the main factor for the retreat in total loans.

Change in loans was relatively stable. All loan segments grew in line with total loan growth. However when we look at the breakdown of loans, with 2.4% MoM, corporate loans was the main driver in loan growth. With respect to their ownership structures, total loan growth in private banks was cut by 0.6% WoW. MoM loan growth decreased 1.2 % (sector MoM growth was -0.4%). However, foreign owned banks expanded their securities portfolio 4.7% WoW and 2.8% MoM. As we understand from weekly data, foreign owned banks might be following a new strategy: accumulate bonds, retreat loans. This might indicate that foreign banks are changing their balance sheet composition in a different direction with regard to their private and public peers. On the other hand participation banks were stars of the new year with 2.1% MoM loan growth.

As we consider balance sheet of a bank, activities in liability side especially funding items were much more interesting. In terms of funding, deposits boomed with a 7.9% WoW. Also, in terms of liabilities in the balance sheet we see that banks preferred to increase their repo financing after CBRT started to fund banks at 5.75% annual interest rate which was the floor of the interest rate corridor between 5-12%. Recall that CBRT publicized its 'exceptional/normal' day concept. For this reason, the CBRT's auctions have become much more crucial. When we look at total funding costs we see that they are getting closer to 8% for the banks In repo financing foreign owned banks were the most aggressive banks with 35% WoW while private banks only expanded their repo financing items on their balance sheet only 7.8% WoW. As we explained the new strategy of foreign owned banks above, while private and public banks are reducing their securities portfolio, foreign owned banks prefer to raise their securities portfolios. We can conclude that interest rates at levels of 10-11% are attractive for foreign banks to accumulate bonds.

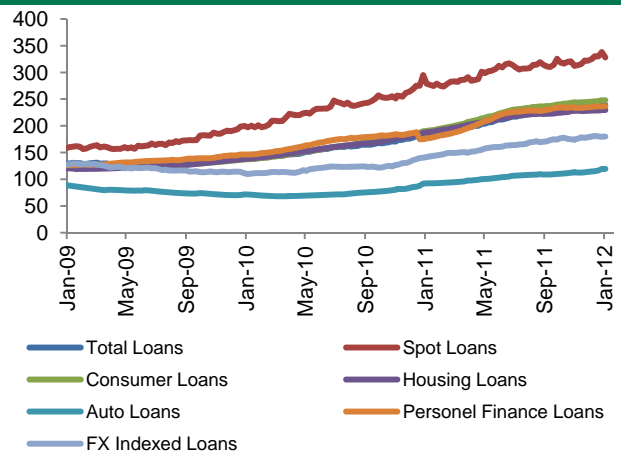
NPLs increased 0.5% WoW. We might observe an increase in NPLs due to deterioration in credit quality. If any deterioration happens participation banks will be hurt more than other bank groups.

**Graph 1: Loan growth (TRY, bn, LHS) LDR (% , RHS)**



Source: BRSA

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



Source: BRSA

**Graph 3: Annualized loan growth**



Source: BRSA

**BRSA DATA BY SEGMENT**

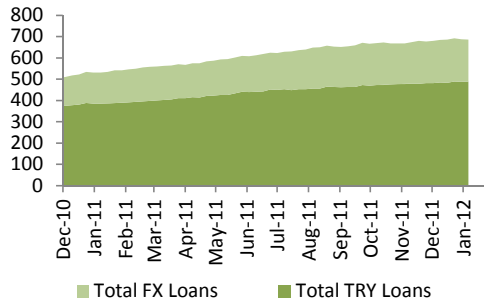
|                                       | 1/20/2012 | 1/13/2012 | 12/23/2011 | 12/30/2011 | 1/21/2011 | Differences |        |        |        |
|---------------------------------------|-----------|-----------|------------|------------|-----------|-------------|--------|--------|--------|
|                                       |           |           |            |            |           | WoW         | MoM    | YTD    | YoY    |
| <b>Loans (TRY bn.)</b>                |           |           |            |            |           |             |        |        |        |
| Total Loans                           | 684.50    | 687.05    | 687.04     | 693.24     | 535.35    | -0.4%       | -0.4%  | -1.3%  | 27.9%  |
| Total TRY Loans                       | 489.03    | 490.40    | 484.09     | 490.49     | 385.73    | -0.3%       | 1.0%   | -0.3%  | 26.8%  |
| Total FX Loans                        | 195.47    | 196.66    | 202.95     | 202.75     | 149.62    | -0.6%       | -3.7%  | -3.6%  | 30.6%  |
| <b>Loans by Segment</b>               |           |           |            |            |           |             |        |        |        |
| Loans excl. FI                        | 626.93    | 629.33    | 629.98     | 635.47     | 483.98    | -0.4%       | -0.5%  | -1.3%  | 29.5%  |
| Consumer Loans                        | 168.25    | 168.80    | 167.38     | 168.43     | 130.35    | -0.3%       | 0.5%   | -0.1%  | 29.1%  |
| Mortgage Loans                        | 74.55     | 74.66     | 74.35      | 74.59      | 61.44     | -0.2%       | 0.3%   | -0.1%  | 21.3%  |
| Auto Loans                            | 7.31      | 7.35      | 7.19       | 7.37       | 5.71      | -0.5%       | 1.7%   | -0.8%  | 28.0%  |
| FX Index Loans                        | 32.66     | 32.72     | 32.91      | 32.74      | 25.94     | -0.2%       | -0.8%  | -0.3%  | 25.9%  |
| GPL                                   | 61.88     | 62.17     | 61.91      | 62.09      | 46.49     | -0.5%       | 0.0%   | -0.3%  | 33.1%  |
| Corporate Loans                       | 150.84    | 150.53    | 147.36     | 149.74     | 109.27    | 0.2%        | 2.4%   | 0.7%   | 38.0%  |
| <b>Deposits (TRY bn.)</b>             |           |           |            |            |           |             |        |        |        |
| Total Deposits                        | 717.87    | 723.91    | 728.11     | 731.12     | 637.66    | -0.8%       | -1.4%  | -1.8%  | 12.6%  |
| Total TRY Deposits                    | 463.10    | 470.68    | 468.47     | 473.24     | 444.34    | -1.6%       | -1.1%  | -2.1%  | 4.2%   |
| Total FX Deposits                     | 254.78    | 253.23    | 259.65     | 257.88     | 193.32    | 0.6%        | -1.9%  | -1.2%  | 31.8%  |
| <b>Deposits by Segment</b>            |           |           |            |            |           |             |        |        |        |
| Saving Deposits                       | 388.62    | 387.38    | 390.07     | 390.85     | 338.05    | 0.3%        | -0.4%  | -0.6%  | 15.0%  |
| Demand deposits                       | 48.16     | 46.80     | 48.43      | 48.61      | 36.78     | 2.9%        | -0.6%  | -0.9%  | 30.9%  |
| Time Deposits                         | 340.46    | 340.58    | 341.65     | 342.24     | 301.26    | 0.0%        | -0.3%  | -0.5%  | 13.0%  |
| Corporate Deposits                    | 196.23    | 198.39    | 200.80     | 201.11     | 184.75    | -1.1%       | -2.3%  | -2.4%  | 6.2%   |
| Other Deposits                        | 60.04     | 66.77     | 63.23      | 64.37      | 58.44     | -10.1%      | -5.0%  | -6.7%  | 2.7%   |
| Participation Accounts                | 38.84     | 38.92     | 39.20      | 39.67      | 33.82     | -0.2%       | -0.9%  | -2.1%  | 14.9%  |
| Repo Transactions                     | 112.90    | 104.67    | 101.98     | 97.00      | 54.34     | 7.9%        | 10.7%  | 16.4%  | 107.8% |
| <b>NPLs (TRY bn.)</b>                 |           |           |            |            |           |             |        |        |        |
| Total Gross NPL                       | 19.13     | 19.02     | 18.58      | 18.76      | 19.77     | 0.5%        | 3.0%   | 2.0%   | -3.2%  |
| Total Specific provisioning           | 15.48     | 15.44     | 15.12      | 15.12      | 16.81     | 0.3%        | 2.3%   | 2.4%   | -7.9%  |
| Total NPL Consumer Loans              | 3.26      | 3.23      | 3.18       | 3.20       | 3.52      | 1.0%        | 2.5%   | 2.0%   | -7.3%  |
| NPL Corporate Loans                   | 2.61      | 2.62      | 2.62       | 2.94       | 2.89      | -0.3%       | -0.3%  | -11.0% | -9.7%  |
| Total NPL Consumer Loans              | 3.51      | 3.49      | 3.46       | 3.46       | 3.80      | 0.5%        | 1.4%   | 1.4%   | -7.7%  |
| Total Corp. Credit Cards              | 0.07      | 0.07      | 0.07       | 0.07       | 0.06      | 1.4%        | 2.9%   | 2.9%   | 14.8%  |
| <b>NPL Ratios</b>                     |           |           |            |            |           |             |        |        |        |
| NPL Ratio                             | 2.8%      | 2.8%      | 2.7%       | 2.7%       | 3.69%     | 0.9%        | 3.3%   | 3.3%   | -24.3% |
| NPL Ratio (Consumer Loans)            | 1.9%      | 1.9%      | 1.9%       | 1.9%       | 2.70%     | 1.3%        | 2.0%   | 2.1%   | -28.1% |
| <b>Securities Portfolio (TRY bn.)</b> |           |           |            |            |           |             |        |        |        |
| Total Securities                      | 284.13    | 284.66    | 287.06     | 285.11     | 285.24    | -0.2%       | -1.0%  | -0.3%  | -0.4%  |
| Government Securities                 | 118.75    | 126.41    | 128.92     | 129.68     | 193.07    | -6.1%       | -7.9%  | -8.4%  | -38.5% |
| Held for Trading                      | 4.31      | 4.22      | 3.44       | 5.02       | 5.94      | 2.0%        | 25.3%  | -14.2% | -27.5% |
| Available for Sale                    | 87.10     | 93.27     | 95.11      | 90.46      | 136.19    | -6.6%       | -8.4%  | -3.7%  | -36.0% |
| Held to Maturity                      | 27.35     | 28.92     | 30.38      | 34.19      | 50.94     | -5.4%       | -10.0% | -20.0% | -46.3% |
| Repo Transactions                     | 116.04    | 109.18    | 106.18     | 100.87     | 54.11     | 6.3%        | 9.3%   | 15.0%  | 114.4% |
| <b>Off Balance Sheet</b>              |           |           |            |            |           |             |        |        |        |
| Off Balance Sheet Liabilities         | 1497.72   | 1480.04   | 1335.70    | 1379.73    | 1111.31   | 1.2%        | 12.1%  | 8.6%   | 34.8%  |
| Non-Cash Loans                        | 214.79    | 214.72    | 216.90     | 218.72     | 164.05    | 0.0%        | -1.0%  | -1.8%  | 30.9%  |
| Commitments                           | 1282.92   | 1265.32   | 1118.81    | 1161.01    | 947.26    | 1.4%        | 14.7%  | 10.5%  | 35.4%  |
| Derivatives                           | 583.81    | 588.60    | 610.87     | 577.73     | 436.40    | -0.8%       | -4.4%  | 1.1%   | 33.8%  |
| Other Commitments                     | 699.12    | 676.73    | 507.94     | 583.28     | 510.86    | 3.3%        | 37.6%  | 19.9%  | 36.9%  |
| <b>Key Ratios</b>                     |           |           |            |            |           |             |        |        |        |
| Loan to Deposit Ratio                 | 95.4%     | 94.9%     | 94.4%      | 94.8%      | 84.0%     | 0.5%        | 1.1%   | 0.1%   | 12.4%  |

**BRSA DATA BY BANKING GROUP**

|   | 1/20/2012 | 1/13/2012 | 12/23/2011 | 12/30/2011 | 1/21/2011 | Differences |       |       |        |
|---|-----------|-----------|------------|------------|-----------|-------------|-------|-------|--------|
|   |           |           |            |            |           | WoW         | MoM   | YTD   | YoY    |
| <b>Loans (TRY bn.)</b>                      |           |           |            |            |           |             |       |       |        |
| Total Loans                                 | 684.50    | 687.05    | 687.04     | 693.24     | 535.35    | -0.4%       | -0.4% | -1.3% | 27.9%  |
| Total Loans Public Banks                    | 181.31    | 181.89    | 181.34     | 182.21     | 143.86    | -0.3%       | 0.0%  | -0.5% | 26.0%  |
| Total Loans Private Banks                   | 344.04    | 346.08    | 348.33     | 352.89     | 256.48    | -0.6%       | -1.2% | -2.5% | 34.1%  |
| Total Loans Foreign Banks                   | 91.47     | 91.53     | 91.22      | 91.68      | 82.76     | -0.1%       | 0.3%  | -0.2% | 10.5%  |
| Total Loans Participation Banks             | 40.34     | 40.28     | 39.52      | 39.31      | 33.20     | 0.2%        | 2.1%  | 2.6%  | 21.5%  |
| <b>Spot Loans (TRY bn.)</b>                 |           |           |            |            |           |             |       |       |        |
| Spot Loans                                  | 78.31     | 78.40     | 79.29      | 81.20      | 65.96     | -0.1%       | -1.2% | -3.6% | 18.7%  |
| Spot Loans Public Banks                     | 4.17      | 4.15      | 4.27       | 4.09       | 9.05      | 0.5%        | -2.4% | 2.0%  | -53.9% |
| Spot Loans Private Banks                    | 61.25     | 61.43     | 62.82      | 64.73      | 45.70     | -0.3%       | -2.5% | -5.4% | 34.0%  |
| Spot Loans Foreign Banks                    | 4.23      | 4.21      | 3.94       | 3.95       | 4.01      | 0.6%        | 7.3%  | 7.1%  | 5.6%   |
| <b>Consumer Loans (TRY bn.)</b>             |           |           |            |            |           |             |       |       |        |
| Consumer Loans                              | 168.25    | 168.80    | 167.38     | 168.43     | 130.35    | -0.3%       | 0.5%  | -0.1% | 29.1%  |
| Consumer Loans Public Banks                 | 61.93     | 62.39     | 61.99      | 62.16      | 46.77     | -0.7%       | -0.1% | -0.4% | 32.4%  |
| Consumer Loans Private Banks                | 73.72     | 73.85     | 73.16      | 73.83      | 55.53     | -0.2%       | 0.8%  | -0.2% | 32.7%  |
| Consumer Loans Foreign Banks                | 26.25     | 26.23     | 26.05      | 26.18      | 23.94     | 0.1%        | 0.8%  | 0.3%  | 9.6%   |
| <b>Mortgage Loans (TRY bn.)</b>             |           |           |            |            |           |             |       |       |        |
| Mortgage Loans                              | 74.55     | 74.66     | 74.35      | 74.59      | 61.44     | -0.2%       | 0.3%  | -0.1% | 21.3%  |
| Mortgage Loans Public Banks                 | 21.98     | 22.05     | 22.06      | 22.08      | 17.01     | -0.3%       | -0.4% | -0.5% | 29.2%  |
| Mortgage Loans Private Banks                | 35.05     | 35.09     | 34.88      | 35.05      | 27.64     | -0.1%       | 0.5%  | 0.0%  | 26.8%  |
| Mortgage Loans Foreign Banks                | 12.45     | 12.46     | 12.46      | 12.47      | 13.40     | -0.1%       | -0.1% | -0.1% | -7.1%  |
| <b>Deposits (TRY bn.)</b>                   |           |           |            |            |           |             |       |       |        |
| Total Deposits Public Banks                 | 233.24    | 237.52    | 240.23     | 239.17     | 221.16    | -1.8%       | -2.9% | -2.5% | 5.5%   |
| Total Deposits Private Banks                | 354.81    | 357.75    | 359.42     | 363.93     | 305.65    | -0.8%       | -1.3% | -2.5% | 16.1%  |
| Total Deposits Foreign Banks                | 90.97     | 89.73     | 89.26      | 88.35      | 77.03     | 1.4%        | 1.9%  | 3.0%  | 18.1%  |
| <b>Saving Deposits (TRY bn.)</b>            |           |           |            |            |           |             |       |       |        |
| Saving Deposits Public Banks                | 126.44    | 125.48    | 129.19     | 127.16     | 117.80    | 0.8%        | -2.1% | -0.6% | 7.3%   |
| Saving Deposits Private Banks               | 208.07    | 208.12    | 207.69     | 210.08     | 175.04    | 0.0%        | 0.2%  | -1.0% | 18.9%  |
| Saving Deposits Foreign Banks               | 54.10     | 53.78     | 53.19      | 53.61      | 45.20     | 0.6%        | 1.7%  | 0.9%  | 19.7%  |
| <b>Commercial Deposits (TRY bn.)</b>        |           |           |            |            |           |             |       |       |        |
| Commercial Deposits Public Banks            | 49.72     | 50.67     | 50.18      | 50.76      | 54.86     | -1.9%       | -0.9% | -2.1% | -9.4%  |
| Commercial Deposits Private Banks           | 118.99    | 119.54    | 123.59     | 123.43     | 104.32    | -0.5%       | -3.7% | -3.6% | 14.1%  |
| Commercial Deposits Foreign Banks           | 27.53     | 28.18     | 27.03      | 26.92      | 25.57     | -2.3%       | 1.8%  | 2.3%  | 7.6%   |
| <b>Participation Accounts (TRY bn.)</b>     |           |           |            |            |           |             |       |       |        |
| Participation Banks                         | 29.67     | 29.65     | 29.64      | 29.52      | 27.78     | 0.0%        | 0.1%  | 0.5%  | 6.8%   |
| <b>Repo Financing (TRY bn.)</b>             |           |           |            |            |           |             |       |       |        |
| Repo Financing Public Banks                 | 40.92     | 40.45     | 36.34      | 35.71      | 16.54     | 1.2%        | 12.6% | 14.6% | 147.4% |
| Repo Financing Private Banks                | 55.79     | 51.77     | 52.99      | 52.35      | 33.81     | 7.8%        | 5.3%  | 6.6%  | 65.0%  |
| Repo Financing Foreign Banks                | 12.92     | 9.51      | 9.78       | 6.58       | 2.72      | 35.9%       | 32.0% | 96.4% | 375.3% |
| <b>NPLs (TRY bn.)</b>                       |           |           |            |            |           |             |       |       |        |
| Sector                                      | 19.13     | 19.02     | 18.58      | 18.76      | 19.77     | 0.5%        | 3.0%  | 2.0%  | -3.2%  |
| Public Banks                                | 4.74      | 4.68      | 4.65       | 4.68       | 4.92      | 1.3%        | 2.0%  | 1.3%  | -3.6%  |
| Private Banks                               | 8.61      | 8.59      | 8.35       | 8.41       | 8.59      | 0.2%        | 3.0%  | 2.3%  | 0.2%   |
| Foreign Banks                               | 4.15      | 4.13      | 4.08       | 4.09       | 4.76      | 0.6%        | 1.7%  | 1.5%  | -12.9% |
| Participation Banks                         | 1.28      | 1.28      | 1.14       | 1.22       | 1.15      | -0.1%       | 11.7% | 4.2%  | 10.7%  |
| <b>NPL Ratios</b>                           |           |           |            |            |           |             |       |       |        |
| NPL Ratio Public Banks                      | 2.6%      | 2.6%      | 2.6%       | 2.6%       | 3.4%      | 1.6%        | 2.1%  | 1.8%  | -23.5% |
| NPL Ratio Private Banks                     | 2.5%      | 2.5%      | 2.4%       | 2.4%       | 3.3%      | 0.8%        | 4.3%  | 4.9%  | -25.3% |
| NPL Ratio Foreign Banks                     | 4.5%      | 4.5%      | 4.5%       | 4.5%       | 5.8%      | 0.6%        | 1.4%  | 1.8%  | -21.2% |
| NPL Ratio Participation Banks               | 3.2%      | 3.2%      | 2.9%       | 3.1%       | 3.5%      | -0.2%       | 9.5%  | 1.5%  | -8.9%  |
| <b>Total Securities Portfolio (TRY bn.)</b> |           |           |            |            |           |             |       |       |        |
| Public Banks                                | 109.85    | 109.92    | 110.78     | 110.68     | 109.42    | -0.1%       | -0.8% | -0.7% | 0.4%   |
| Private Banks                               | 142.95    | 144.61    | 145.60     | 143.74     | 147.24    | -1.1%       | -1.8% | -0.6% | -2.9%  |
| Foreign Banks                               | 24.42     | 23.32     | 23.76      | 23.71      | 22.53     | 4.7%        | 2.8%  | 3.0%  | 8.4%   |

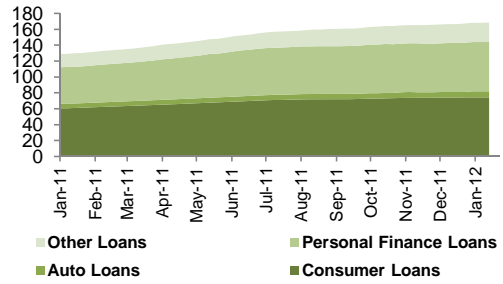
SECTOR TRENDS

Table 4: Currency Breakdown of loans (TRY bn)



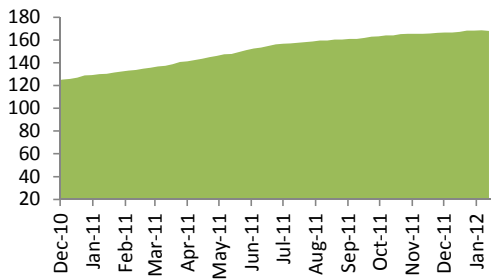
Source: BRSA

Table 5: Loan Breakdown by Sector (TRY bn)



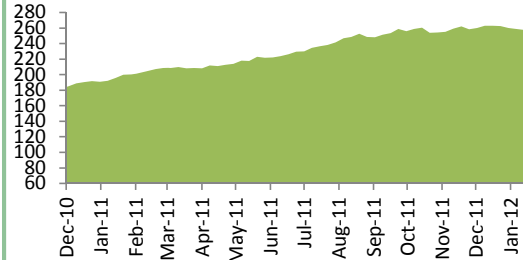
Source: BRSA

Table 6: Consumer Loans (TRY bn)



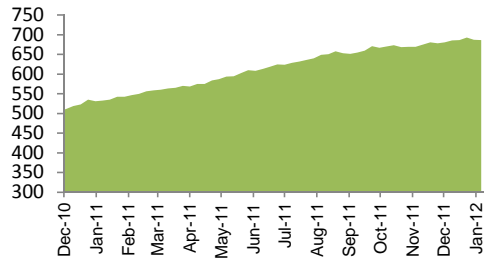
Source: BRSA

Table 7: Other Loans (TRY bn)



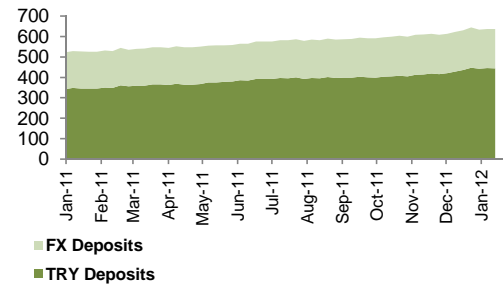
Source: BRSA

Table 8: Total Deposits (TRY bn)



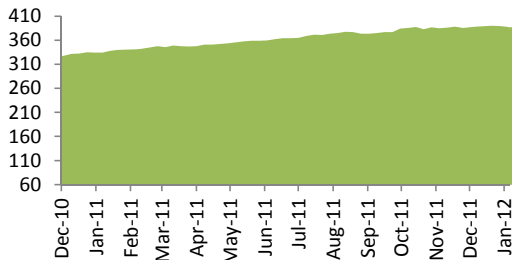
Source: BRSA

Table 9: Currency Breakdown of Deposits (TRY bn)



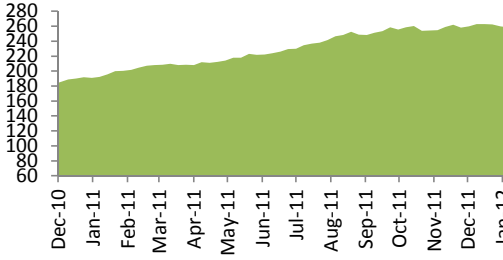
Source: BRSA

Table 10: Saving Deposits (TRY bn)



Source: BRSA

Table 11: Time Deposits (TRY bn)



Source: BRSA

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