



# **Classification Of Loans**

## **September 2022**

December 2022

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This report has been prepared on the basis of quarterly finalized, independently audited and publicly released data of deposit banks and development and investment banks.

This study was prepared for the aim of provide information about classification of loans.

Whilst every effort has been made to ensure that the information contained in this study is correct, The Banks Association of Turkey cannot accept any responsibility for any errors or omissions or for any consequences resulting therefrom.

# Highlights

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## As of September 2022,

- ▶ Group I loans amounted to **TL 5,879 billion**. Group I loans were **88 percent** of total loans. (Graph 1)
- ▶ Loans under close monitoring (Group II) increased by **54 percent** compared to the previous year and reached **TL 624 billion**.
- ▶ The ratio of Group II loans to total loans was **9.3 percent**. (Graph 2)
- ▶ The performing loans (Group I and Group II), which consist of **97 percent** of total loans reached to **TL 6,503 billion**.
- ▶ Non-performing loans amounted to **TL 151 billion**.



# Highlights - 2

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- ▶ Special provisions have been set aside for **83 percent** of the non performing loans. (Graph: 5)
- ▶ The amount set aside as general provision was **TL 174 billion**. (Graph 4)
- ▶ General provisions to Group II loans ratio was **28 percent**.
- ▶ Restructured loans were **TL 405 billion**. **92 percent** of the restructured loans consist of loans under close monitoring.
- ▶ Restructured loans to total loans ratio was **6 percent**. (Graph 7)

# Loans by Groups (TL billion)

	2019	2020	2021	Sep. 2022
<b>Loans<sup>*,**</sup></b>	<b>2,752</b>	<b>3,609</b>	<b>4,883</b>	<b>6,714</b>
Group I. Loans	2,282	3,062	4,147	5,879
Group II. Loans	300	370	543	624
Group III., IV and V. Loans <sup>***</sup> (Non-Performing Loans)	140	144	149	151
<b>Provision</b>	<b>133</b>	<b>187</b>	<b>239</b>	<b>300</b>
Special Provision <sup>***</sup>	92	107	118	126
General Provision <sup>***</sup>	41	80	122	174
<b>Restructured Loans</b>	<b>151</b>	<b>192</b>	<b>320</b>	<b>405</b>
Group II. Loans	134	174	294	373
Group III., IV. and V. Loans (Non-Performing Loans )	17	18	25	32

\* Includes non-performing loans. rediscounts and loans to banks.

\*\* In the accounting of rediscounts. due to differences between banks. there may be a difference between the total of sub-items of the items and the total loan.

\*\*\* BRSA data

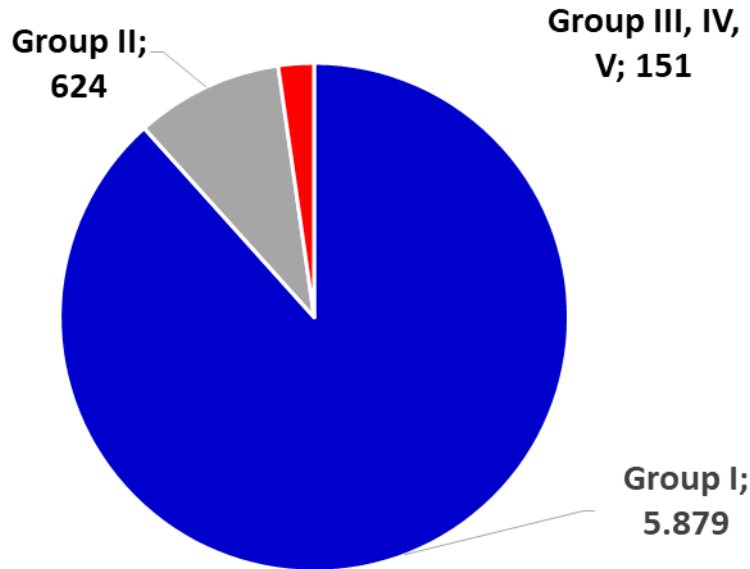


# Selected Ratios (percent)

	2019	2020	2021	Sep. 2022
Group I loans / loans	82.9	84.8	84.9	87.6
Group II loans / loans	11	10	11.1	9.3
Non performing loans / loans	5.1	4	3	2.2
Special provisions / non performing loans	65	75	79	83.4
General provisions / Group II loans	13.8	21.5	22.4	27.9
Restructured loans / loans	5.5	5.3	6.5	6

# Classification of Loans (TL billion)

Graph: 1



Group I and II loans are defined as **performing loans** in Regulation On Procedures And Principles For Classification Of Loans And Provisions To Be Set Aside

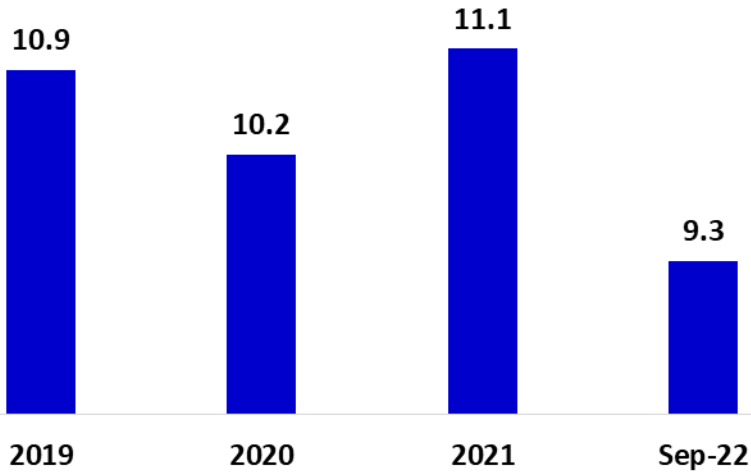
**97 percent** of the loans consist of performing loans

\*Information on loan groups can be found on page 10

# Loans (percent)

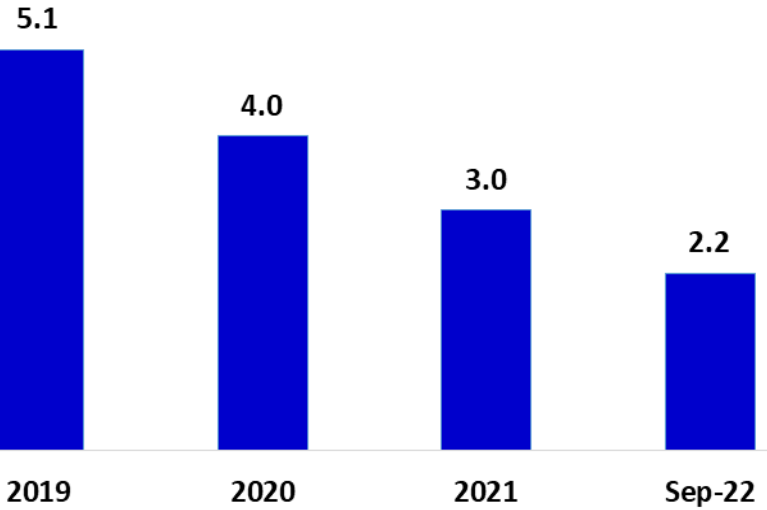
Graph: 2

**Group II Loans/Loans**



Graph: 3

**Non performing loans / loans**

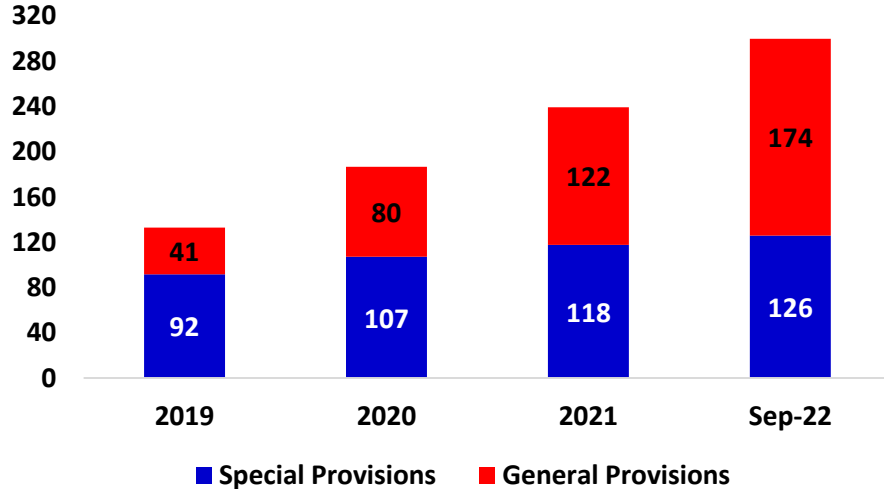




# Provisions

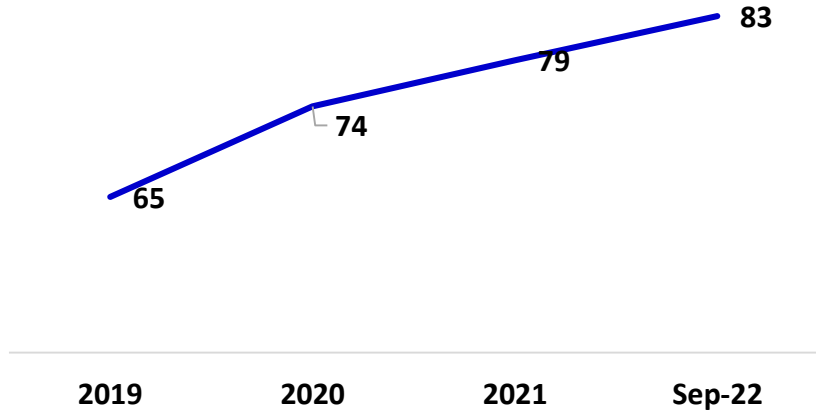
Graph: 4

Provisions (TL billion)



Graph: 5

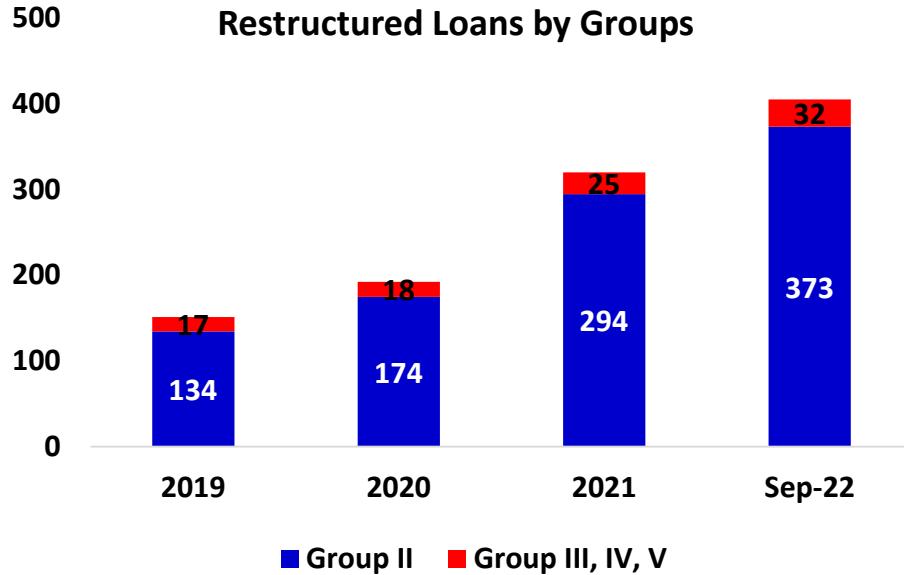
Special Provisions / Non performing Loans



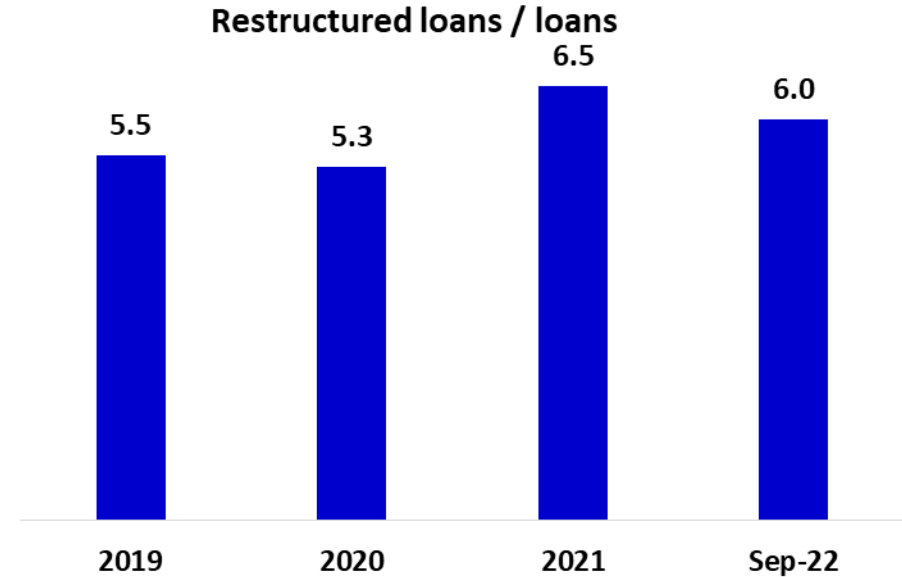
**Special Provisions:** Provisions set aside to Group III, IV, V loans  
**General Provisions :** Provisions set aside to Group I, II loans

# Restructured Loans

Graph: 6



Graph: 7



# Classification of Loans (According to Code of Provisions)

## Group I - Loans of a Standard Nature

- Payments are made when due or past due up to thirty days and. repayment problems are not expected in the future and. totally collectable without realization of collateral.

## Group II - Loans Under Close Monitoring

- Extended to natural persons and legal entities with a creditable financing structure. but for which negative signs are observed or forecasted in debtor's solvency or cashflows due to unfavorable developments in macroeconomic conditions or in the sectors the debtor operates. or. independent from the above-mentioned ones. due to adverse developments peculiar to the debtor.

## Group III - Loans with Limited Collectability

- Full collection is unlikely without realizing collaterals since net realizable value of collaterals or debtor's own funds are inadequate to pay the debt on its maturity and loan loss is likely unless observed problems are removed.

## Group IV - Doubtful Loans

- Full collection of principal and/or interest in accordance with the contract is unlikely without realizing the collateral.

## Group V - Loans classified as Loss

- Nil or negligible collection is expected since the creditworthiness of the debtor is totally deteriorated.

Performing  
loans

Non-performing  
Loans



Thank You

