



Classification Of Loans

September 2023

November 2023

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 Türkiye cannot accept any responsibility for any errors or omissions or for any consequences resulting therefrom.

Highlights

As of September 2023,

- ▶ Group I loans amounted to **TL 9,323 billion**. Group I loans were **90 percent** of total loans. (Graph 1)
- ▶ Loans under close monitoring (Group II) increased by **35 percent** compared to the previous year and reached **TL 844 billion**.
- ▶ The ratio of Group II loans to total loans was **8 percent**. (Graph 2)
- ▶ The performing loans (Group I and Group II), which consist of **98 percent** of total loans reached to **TL 10,167 billion**.
- ▶ Non-performing loans amounted to **TL 158 billion**.

Highlights - 2

- ▶ The amount set aside as general provision was **TL 269 billion**. (Graph 4)
- ▶ General provisions to Group II loans ratio was **32 percent**
- ▶ Special provisions have been set aside for **85 percent** of the non performing loans. (Graph 5)
- ▶ Restructured loans were **TL 503 billion**. **92 percent** of the restructured loans consist of loans under close monitoring.
- ▶ Restructured loans to total loans ratio was **4.8 percent**. (Graph 7)

Loans by Groups (TL billion)

	2020	2021	2022	September 2023
Loans^{*,**}	3,609	4,883	7,417	10,427
Group I. Loans	3,062	4,147	6,548	9,323
Group II. Loans	370	543	649	844
Group III., IV and V. Loans ^{***} (Non-Performing Loans)	144	149	154	158
Provision	187	239	345	403
Special Provision ^{***}	107	118	133	134
General Provision ^{***}	80	122	212	269
Restructured Loans	192	320	424	503
Group II. Loans	174	294	385	461
Group III., IV. and V. Loans (Non-Performing Loans)	18	25	39	42

* 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

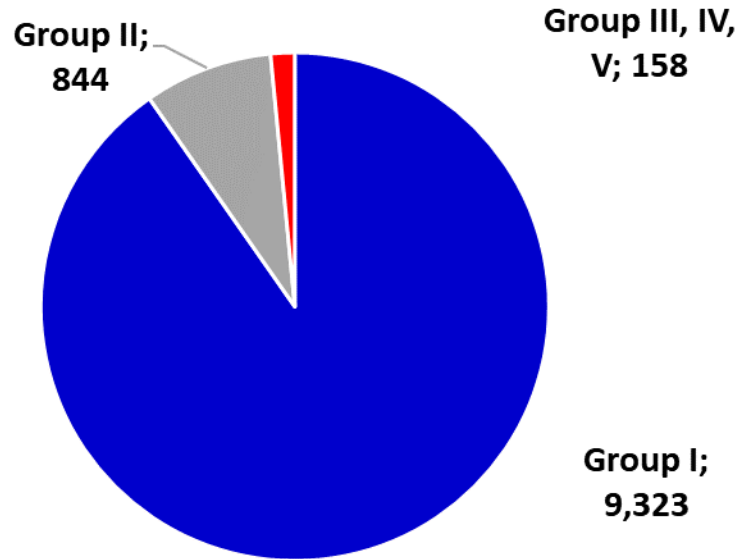


Selected Ratios (percent)

	2020	2021	2022	September 2023
Group I loans / loans	84.8	84.9	88.3	89.5
Group II loans / loans	10.2	11.1	8.8	8.1
Non performing loans / loans	4.0	3.0	2.1	1.5
Special provisions / non performing loans	75.0	79.0	86.4	84.6
General provisions / Group II loans	21.5	22.4	32.7	31.9
Restructured loans / loans	5.3	6.5	5.7	4.8

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.

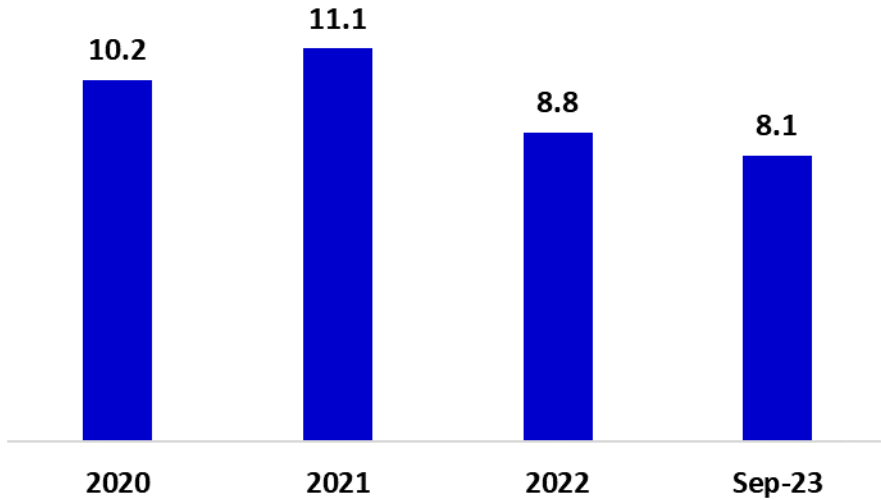
98 percent of the loans consist of performing loans.

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

Loans (percent)

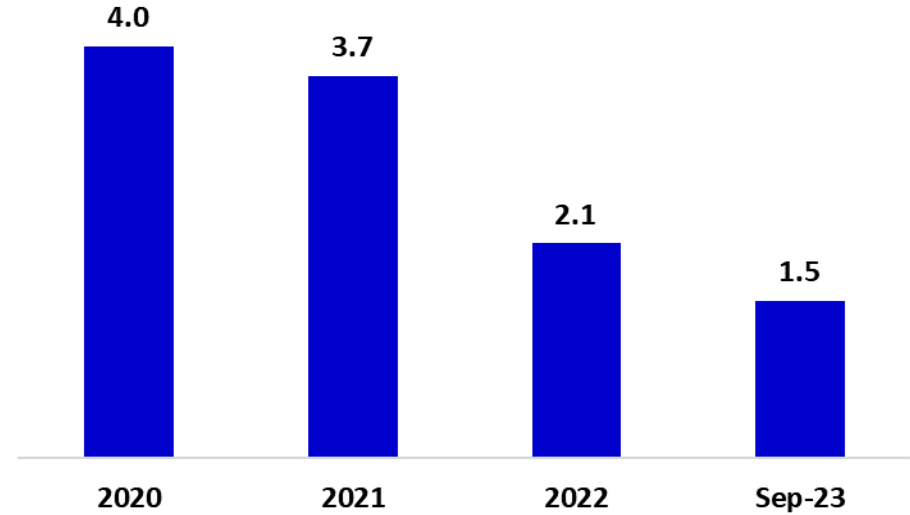
Graph: 2

Group II Loans/Loans



Graph: 3

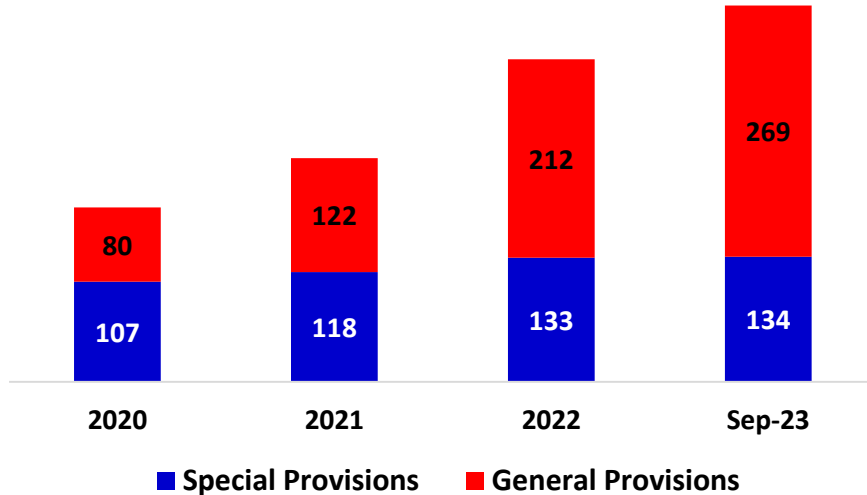
Non performing loans / loans



Provisions

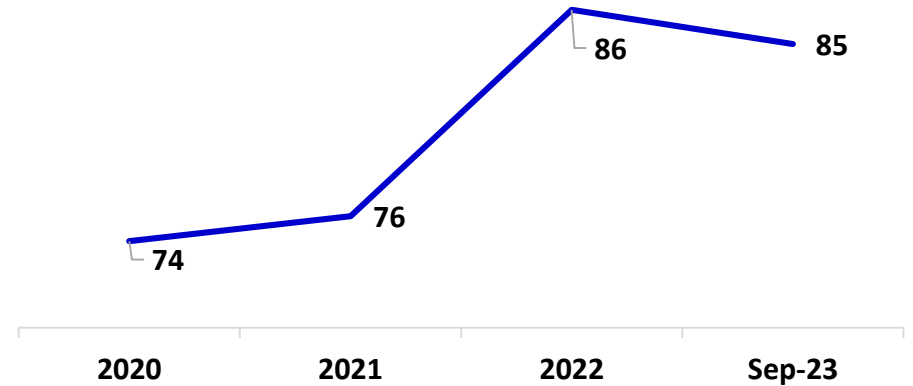
Graph: 4

Provisions (TL billion)



Graph: 5

Special Provisions / Non performing Loans)

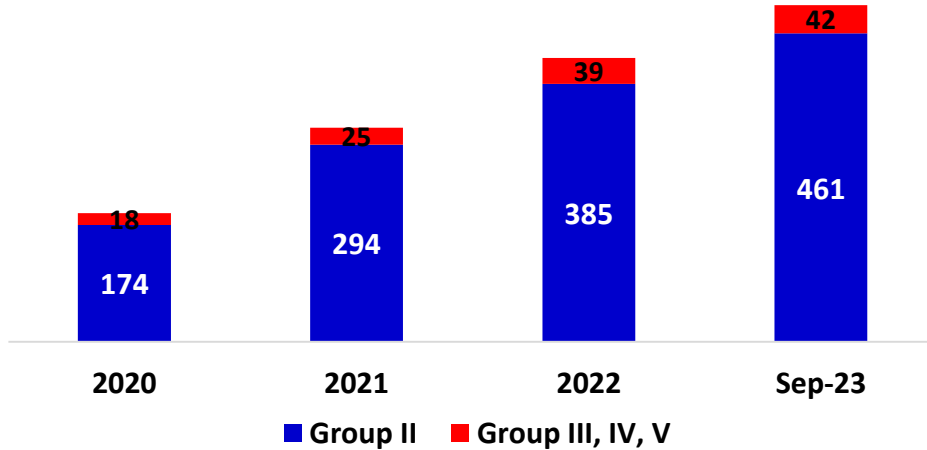


Special Provisions: Provisions set aside to Group III, IV, V loans
General Provisions : Provisions set aside to Group I, II loans

Restructured Loans

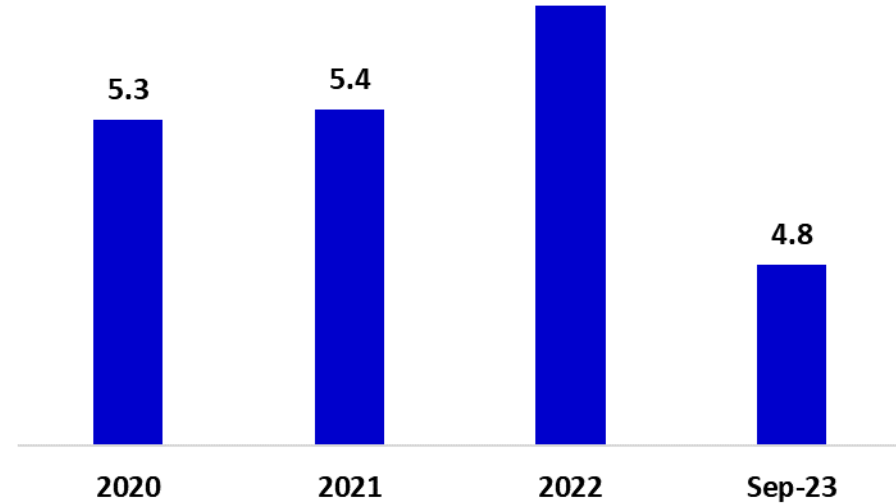
Graph: 6

Restructured Loans by Groups



Graph: 7

Restructured loans / loans
5.7



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

