



The Banking Sector in Turkey

2009 – December 2014

This study was prepared using data provided by the Central Bank of the Republic of Turkey (CBRT), Banking Regulation and Supervision Agency (BRSA), Turkish Statistical Institute (TurkStat), Capital Markets Board of Turkey, The Interbank Card Center, International Monetary Fund, European Banking Federation and The Banks Association of Turkey (BAT).

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.

Unless otherwise stated, data covers deposit and development and investment banks.

This study was prepared for the aim of following up and assessing the developments in the Turkish Banking Sector. The study will be updated every three months.

Any ideas and suggestions are welcome and important for the improvement of the study.

For your ideas and suggestions:

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Latest update: February 2015



Index

- [General Information](#)
- [Balance Sheet Indicators](#)
- [Selected Indicators](#)
- [Income/Expenditure Indicators](#)
- [International Comparison](#)

General Information



Banking Sector in Turkey

- As of December 2014, there are 49 banks in total, 32 of them being deposit, 13 development and investment and 4 of them participation banks. According to Banking Law No 5411:
- Deposit bank: The institutions operating primarily for the purposes of accepting deposit and granting loan in their own names and for their own accounts,
- Participation bank: The institutions operating primarily for the purpose of collecting fund through participation accounts and granting loan,
- Development and investment bank: The institutions operating primarily for the purposes of granting loan and/or fulfill the duties assigned thereto by their special Laws.

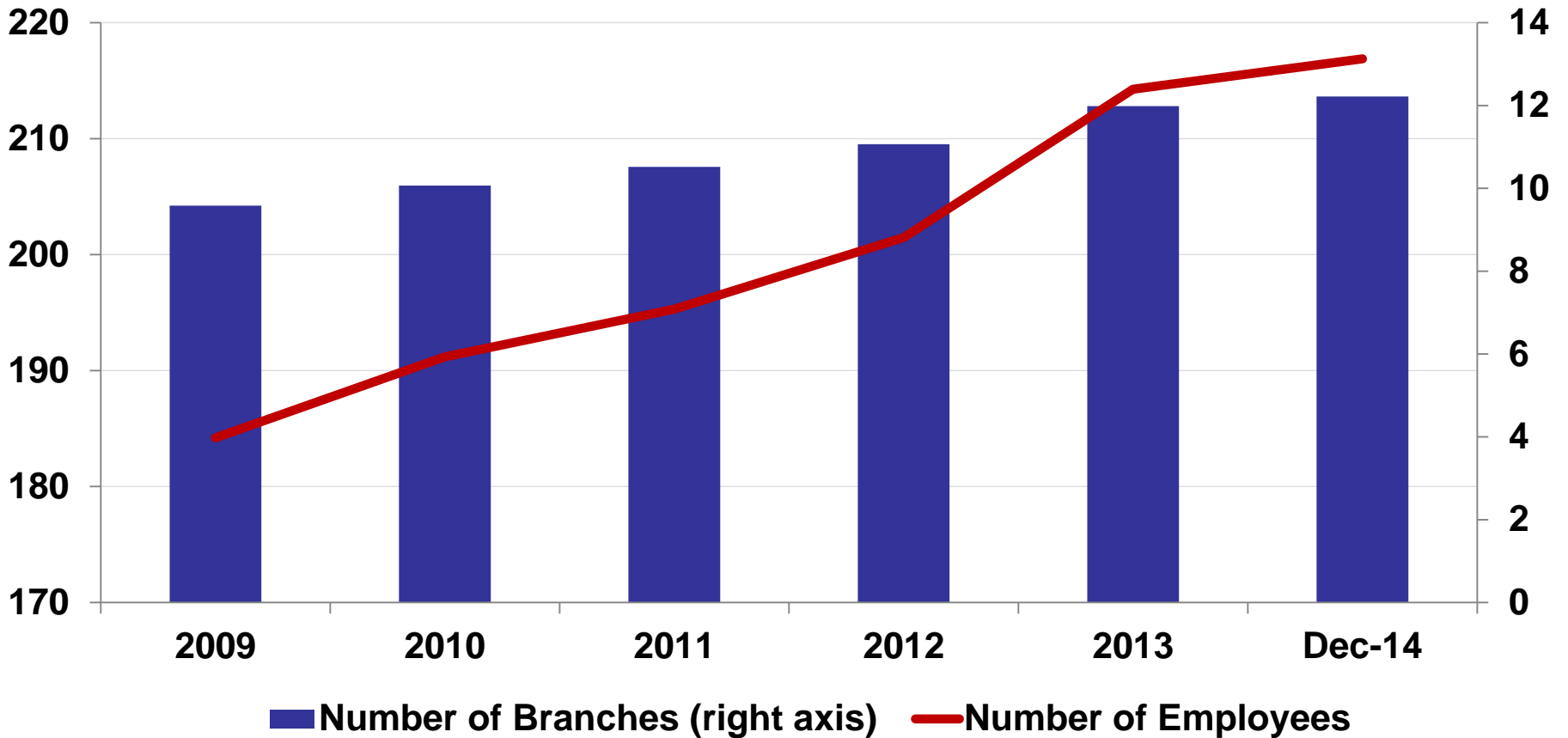
Number of Banks

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Dec.- 2014*</u>
Deposit Banks	31	31	30	31	32	32
State-owned	3	3	3	3	3	3
Private	11	11	11	12	12	10
Foreign	17	17	16	16	17	19
SDIF	2	2	2	2	2	-
Development and Investment Banks	13	13	13	13	13	13
Participation Banks	4	4	4	4	4	4
Total	48	48	47	48	49	49

The data of SDIF banks are excluded as from February 2014 by BRSA..

Source: BRSA

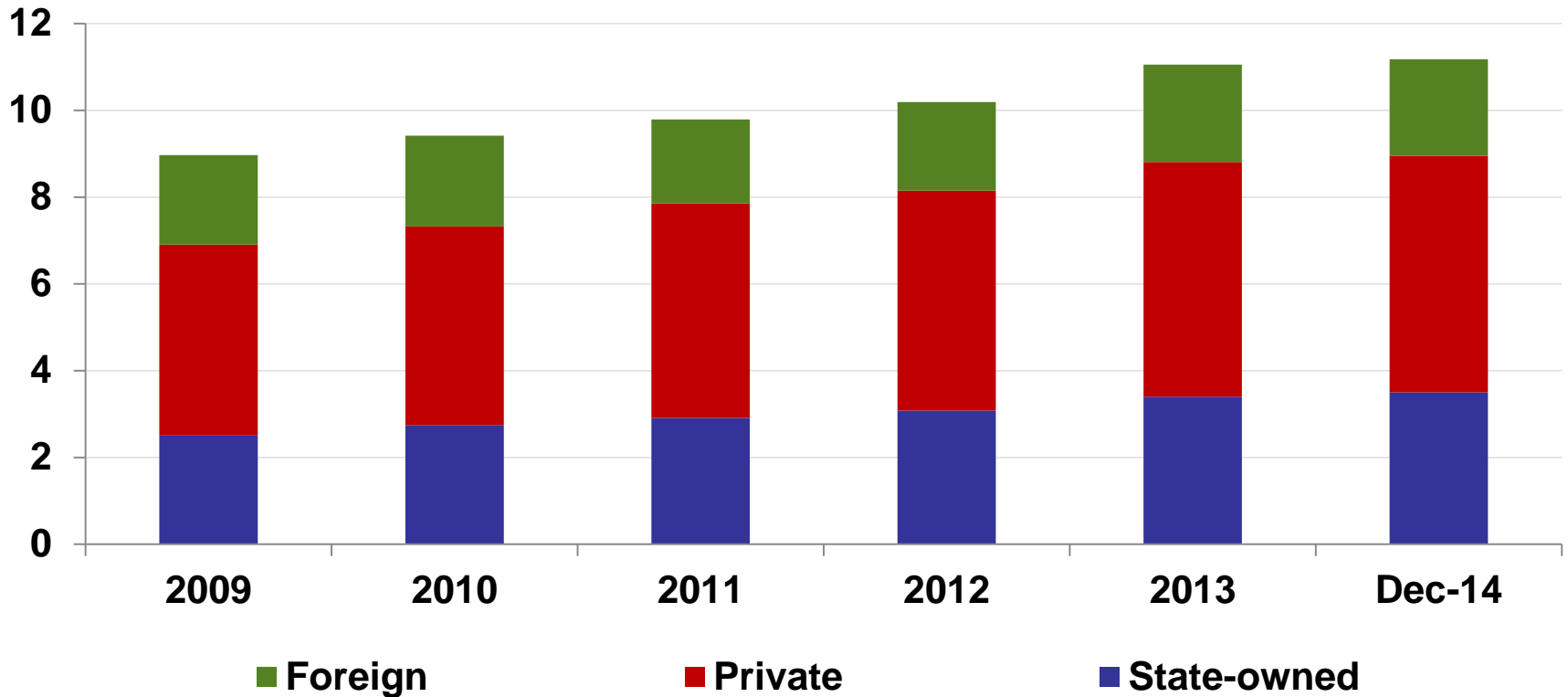
Number of Branches and Employees (Thousand)



Participation banks are included.
Source: BRSA



Number of Branches of Deposit Banks (Branches abroad are included, thousand)



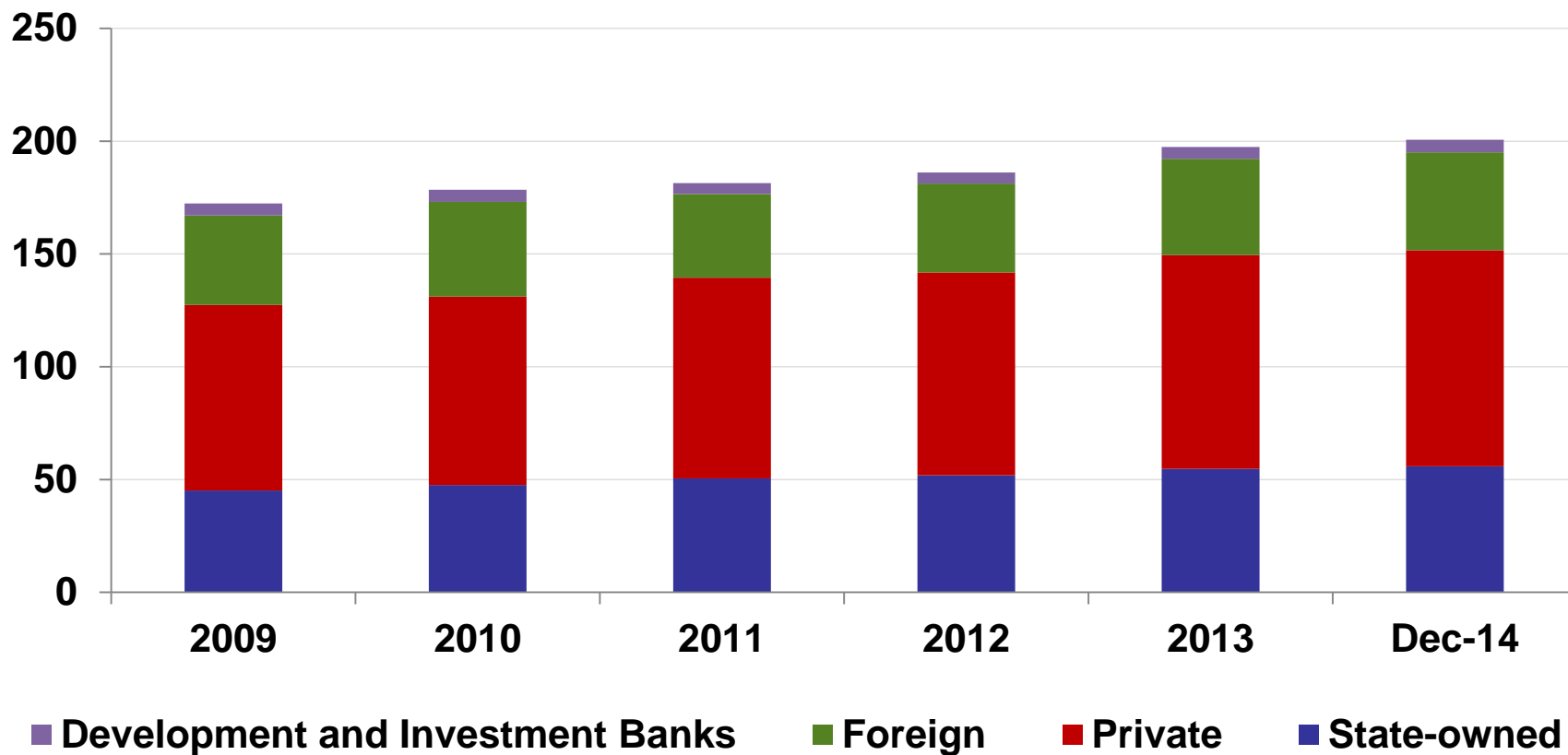
SDIF owned banks' branch number: 1.

Development and Investment Banks' branch number: 41 (As of September 2013)

Number of branches of development and investment banks are 40 as of December 2014 .

Source: BRSA

Number of Employees (Thousand)



Source: BRSA

Distribution of Employees by Sex (Percentage)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Dec. 2014</u>
Female	49.9	49.9	49.8	50.1	50.9	51.1
Male	50.1	50.1	50.2	49.9	49.1	48.9

Source: BAT

Ownership Structure^{*,**}

(In terms of paid-in capital, as of September 2014, perc.)

	Trading in BIST	Other	
		Resident	Non- Resident
Total	14.8	54.8	30.4
Deposit Banks	18.8	40.8	40.5
State-owned	19.9	80.1	0.0
Private	29.6	50.0	20.5
SDIF	0.0	100.0	0.0
Foreign	0.1	2.5	97.4
Development and Investment Banks	4.1	93.3	2.5

* Ownership structure is not taken into account in the shares trading in ISE.

**The weighted paid-in capital shares are used for the calculation of capital structure .

***The distribution of shares traded in ISE is not included.

Source: BAT

Ownership Structure^{*,**} (In terms of paid-in capital, perc.)

Years	Trading in BIST	Other	
		Resident	Non- Resident
2006	18.1	65.7	16.1
2007	15.4	57.2	27.4
2008	16.3	55.1	28.6
2009	15.8	55.8	28.4
2010	16.2	56.2	27.7
2011	15.4	57.0	27.7
2012	16.3	55.9	27.8
2013	15.4	55.1	29.6
Sep-14	14.8	54.8	30.4

* Ownership structure is not taken into account in the shares trading in ISE.

**The weighted paid-in capital shares are used for the calculation of capital structure .

***The distribution of shares traded in ISE is not included.

Source: BAT

Numbers of ATM, POS, Debit Cards and Credit Cards (Thousand)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Dec. 2014</u>
ATM	24	28	32	36	42	46
POS	1,739	1,824	1,977	2,134	2,293	2,389
Debit Cards	64,662	69,917	81,880	91,263	100,165	105,513
Credit Cards	44,393	46,956	51,361	54,342	56,835	57,007

Source: The Interbank Card Center

Number of customers in Internet Banking and Volume of Transactions

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Dec. 2014</u>
Number of Active Customers (Million)	6.0	6.7	8.6	10.6	12.4	14.3
Volume of Transactions (TL Billion)	884	1,030	1,551	1,770	2.,53	2,561

* The number of customers who have logged in at least once during last three months.

Source: BAT

General Purpose Loans, Other Loans and Housing Loans Stock (Loans Outstanding and Per Capita)

General* Purpose and Other** Loans	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Sep.</u>
Total (TL Million)	36,110	41,365	59,275	82,537	94,971	115,803	135,316
Per Capita (TL Thousand)	4.5	4.8	6.0	7.7	8.3	9.5	10.1

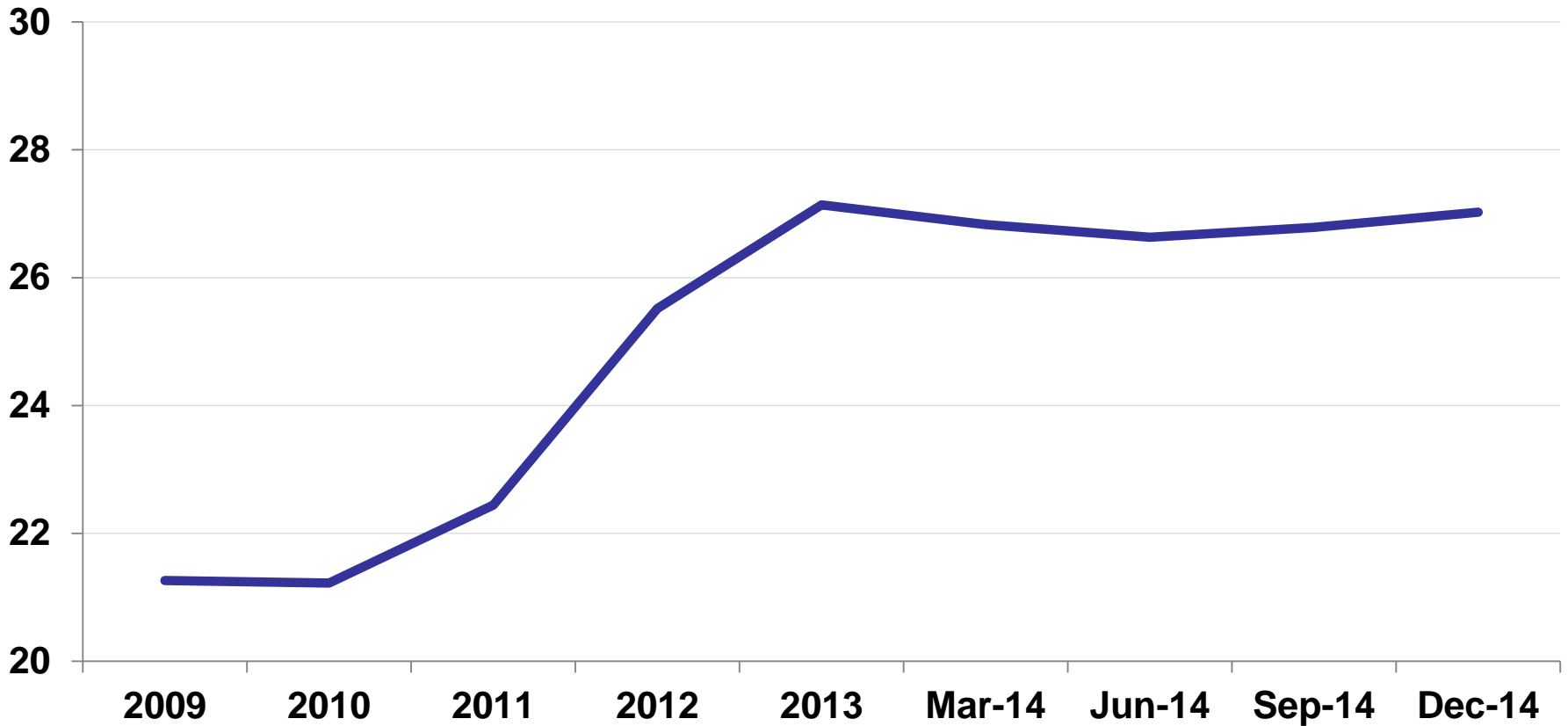
Housing Loans	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Sep.</u>
Total (TL Million)	37,347	42,733	57,584	69,755	79,552	97,550	109,854
Per Capita (TL Thousand)	49.0	43.9	53.2	54.5	55.4	59.4	61

*General purpose loans: Loans borrowed for durable and semi-durable consumer goods, education, marriage and health purposes.

**Other loans: Loans which cannot be grouped in the other three types of loans.

Source: BAT

Transaction Volume of Credit Cards (Incl. domestic and international transactions) to Gdp (Percent)

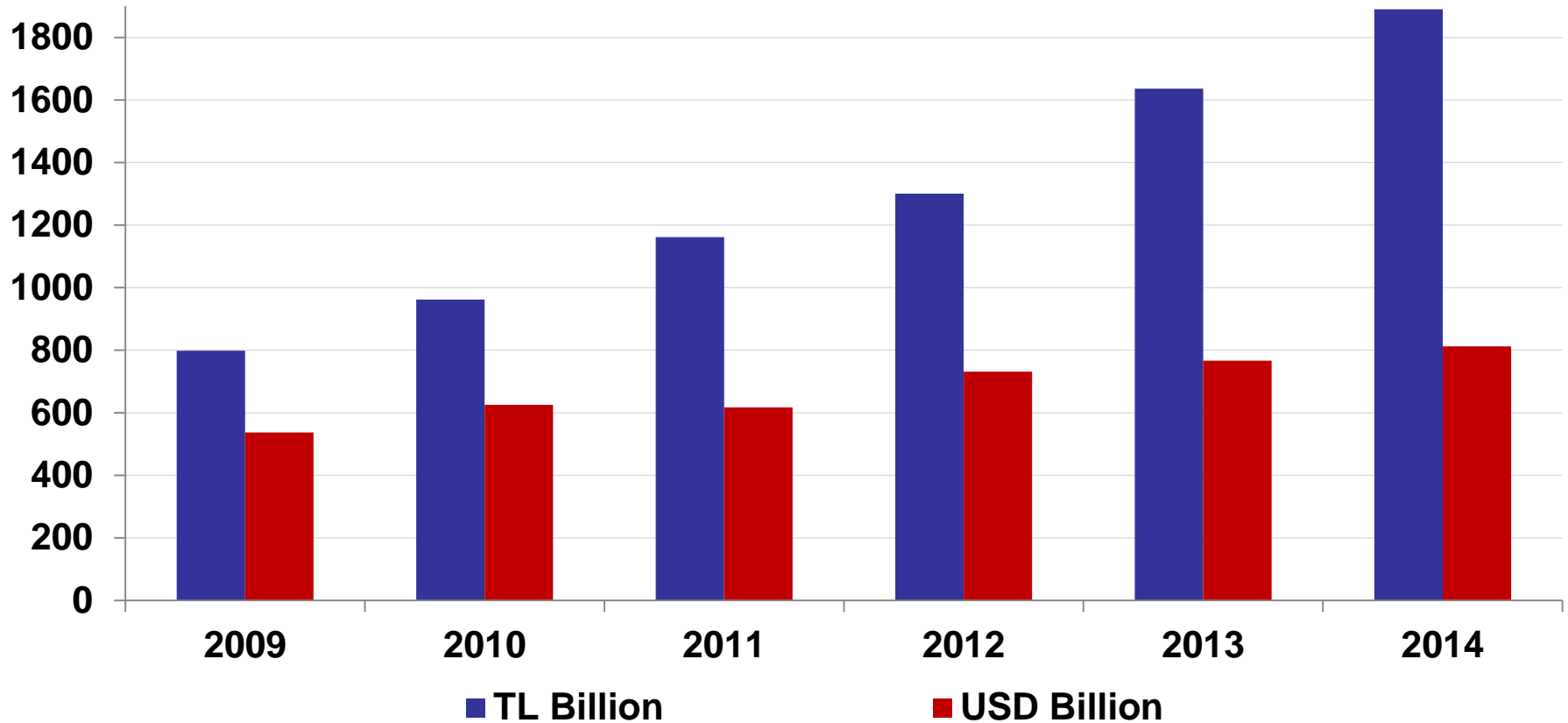


* GDP is calculated by estimating y-o-y growth rate as 3 percent for 2014Q4

Source: The Interbank Card Center, TurkStat

Balance Sheet Indicators

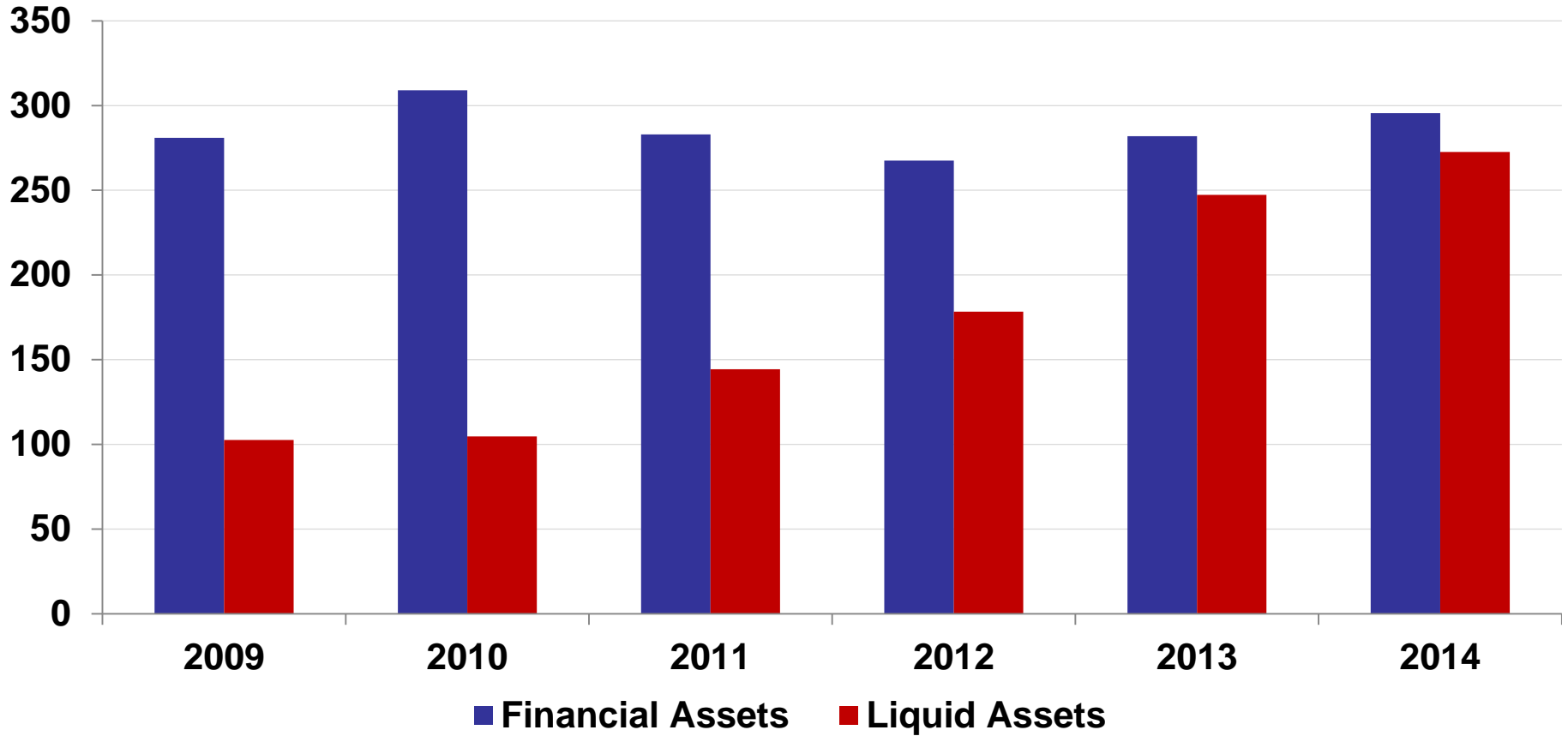
Total Assets



Source: BRSA

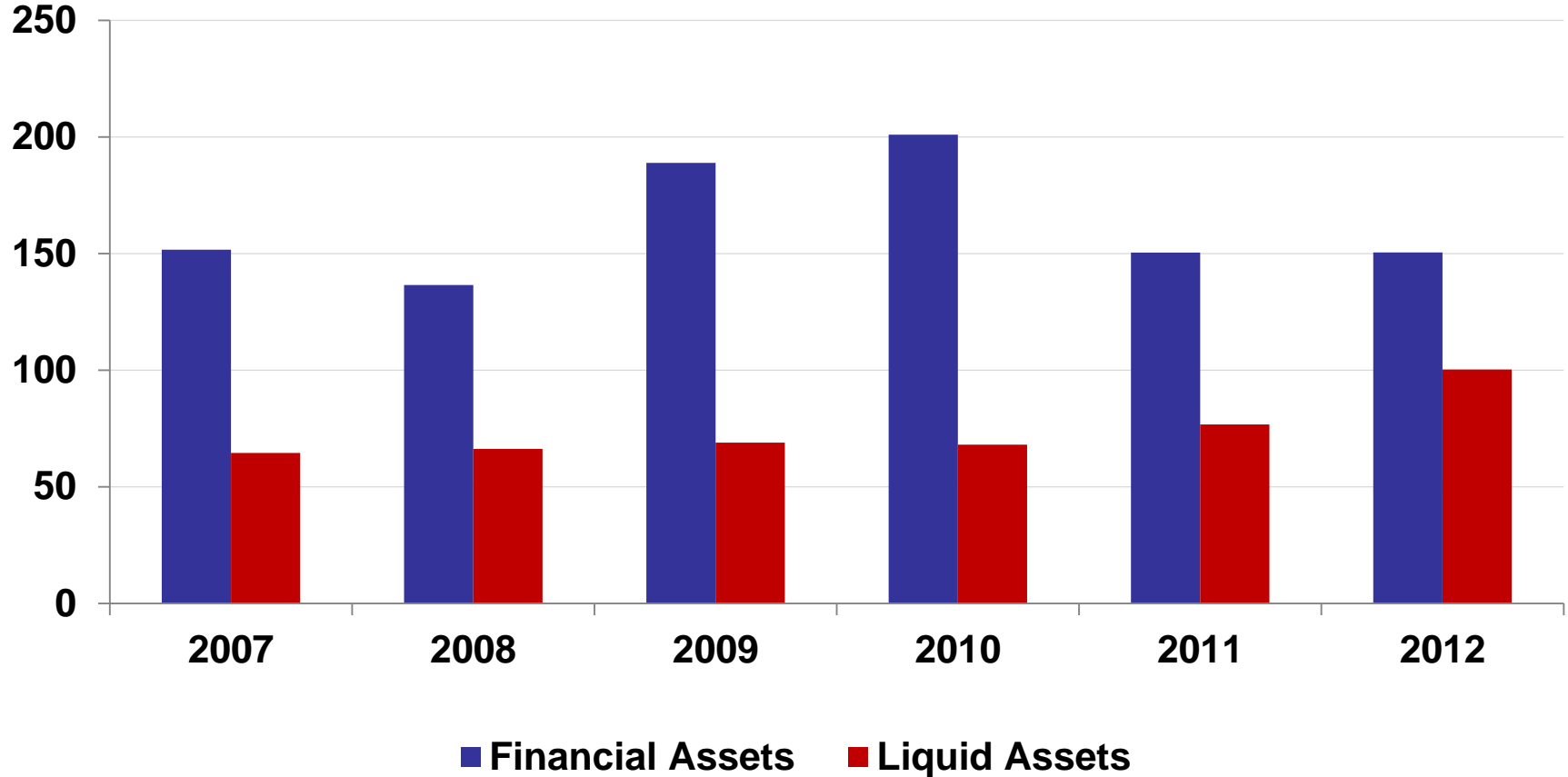


Financial Assets and Liquid Assets (Billion TL)



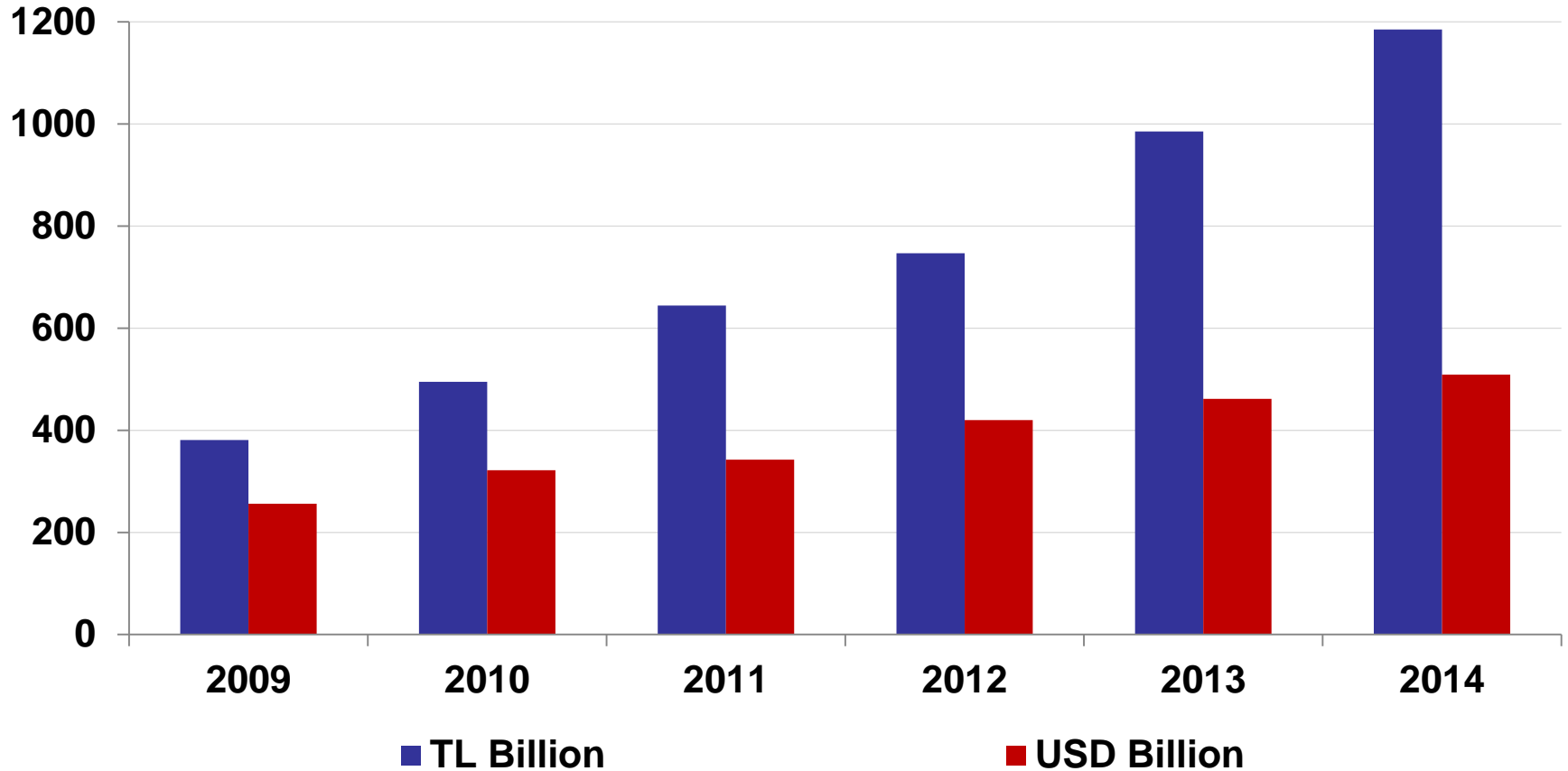
Source: BRSA

Financial Assets and Liquid Assets (Billion USD)



Source: BRSA

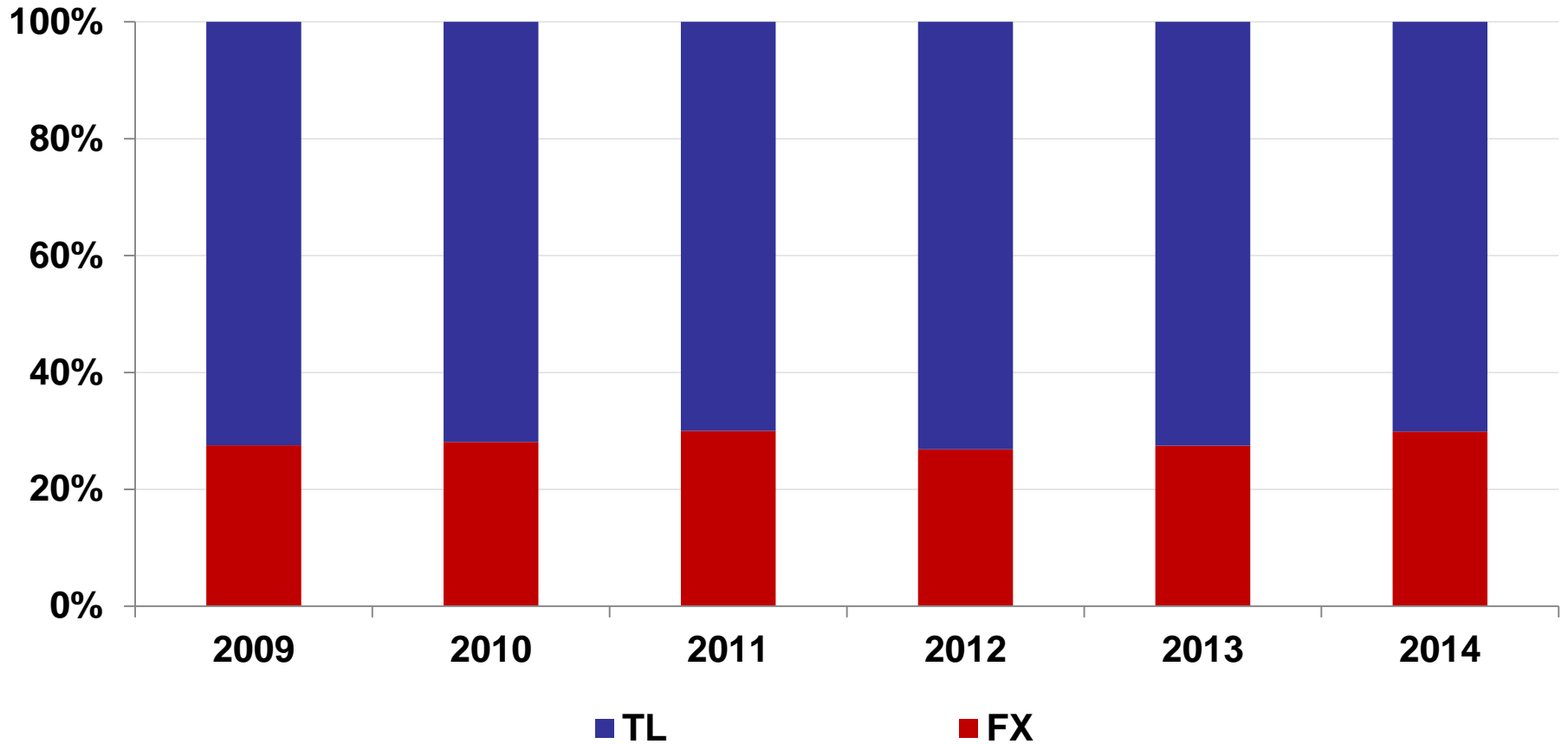
Loans and Receivables



Source: BRSA



Distribution of Loans and Receivables (Percentage)



Source: BRSA

Type of Loans*

(Year over year growth, percent)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Dec. 2014</u>
Total	8	34	28	16	31	16
Retail	14	30	29	20	26	1
-Credit Cards	13	17	26	31	23	-7
-Housing	16	34	22	15	28	14
-Vehicle	-16	22	26	9	6	-20
-Other	17	39	37	17	29	17
Corporate	5	36	28	14	34	24
-SME Loans	1	46	28	22	37	27

*Participation banks are included.
Source: BRSA

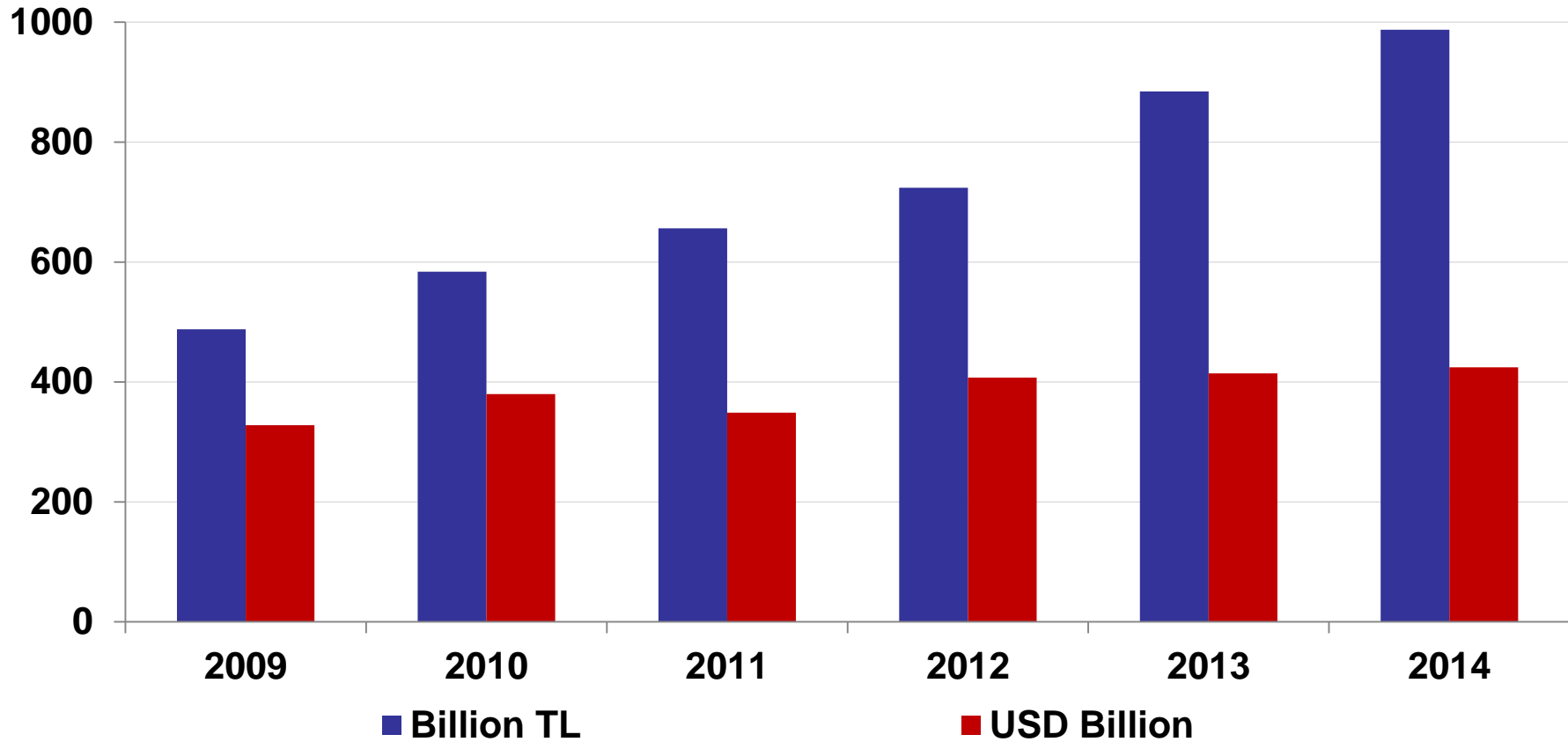
Type of Loans*

(Year over year growth deflated with PPI, percent)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Dec. 2014</u>
Total	2	23	13	13	23	9
Retail	7	20	13	17	18	-5
-Credit Cards	6	8	11	28	15	-13
-Housing	10	24	8	13	20	7
-Vehicle	-20	12	12	6	-1	-24
-Other	10	28	20	14	21	10
Corporate	-1	25	13	12	25	16
-SME Loans	-4	34	13	19	28	20

*Participation banks are included.
Source: BRSA, TurkStat

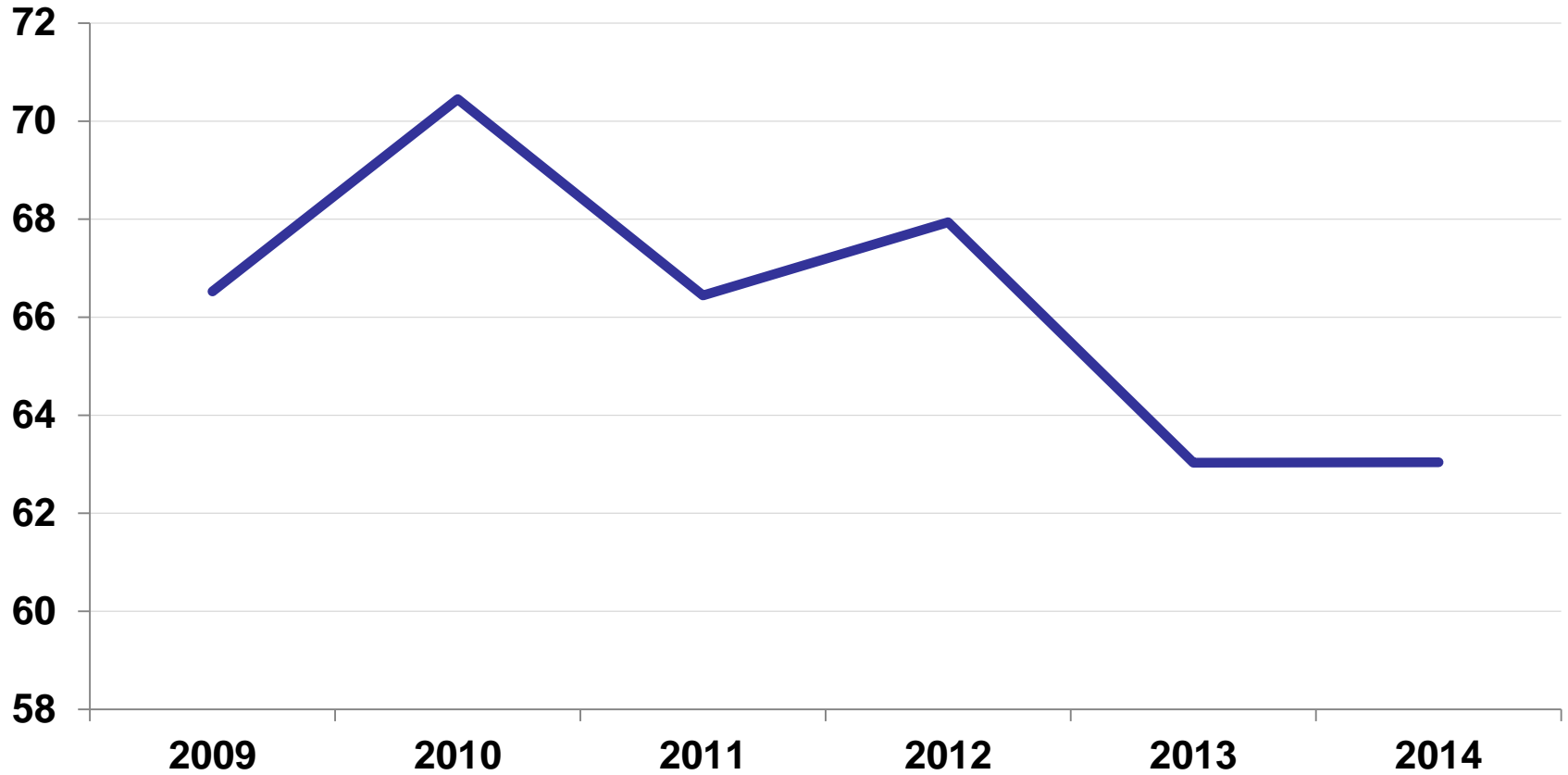
Deposits



Source: BRSA

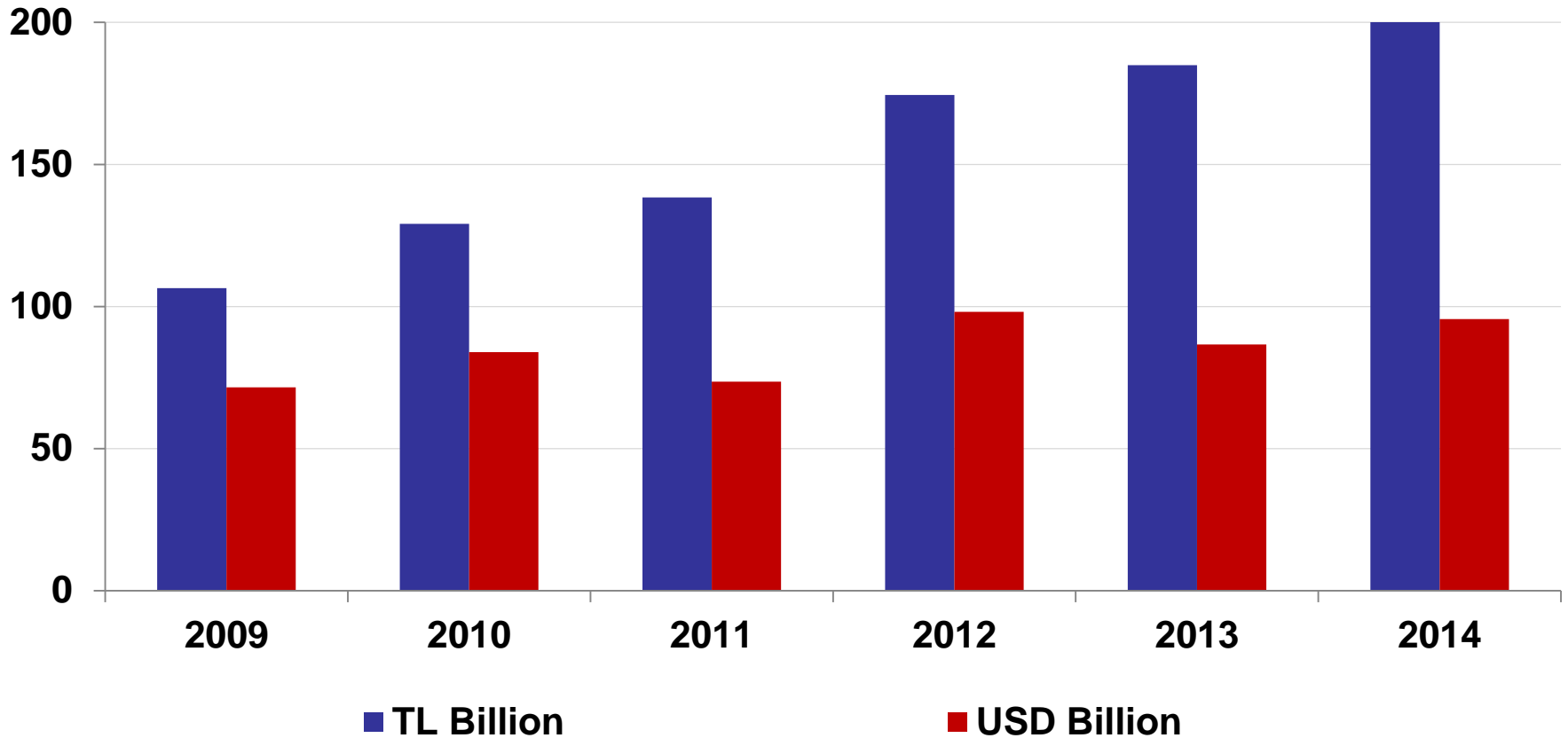


TL Deposits / Total Deposits (Percent)



Source: BRSA

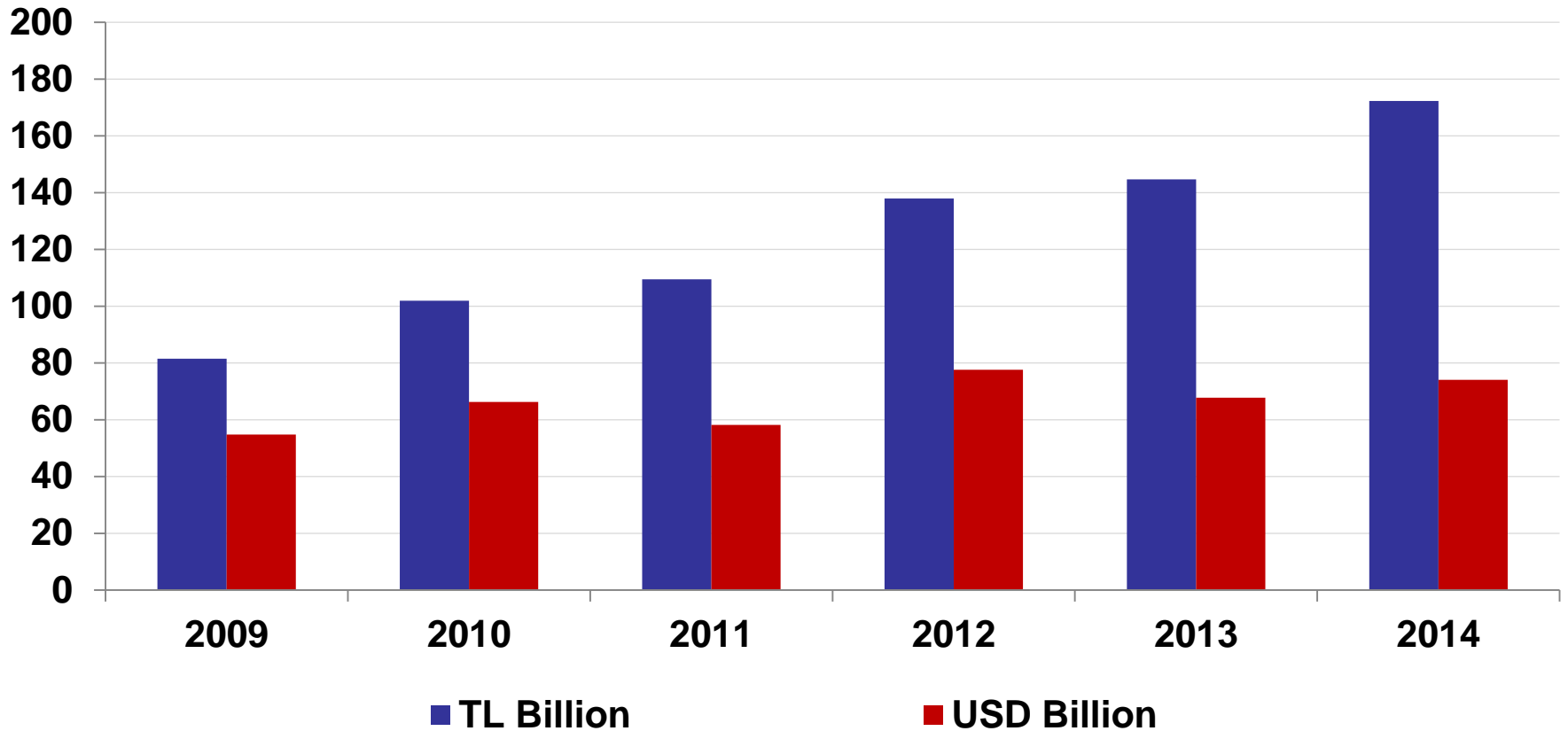
Shareholder's Equity



Source: BRSA

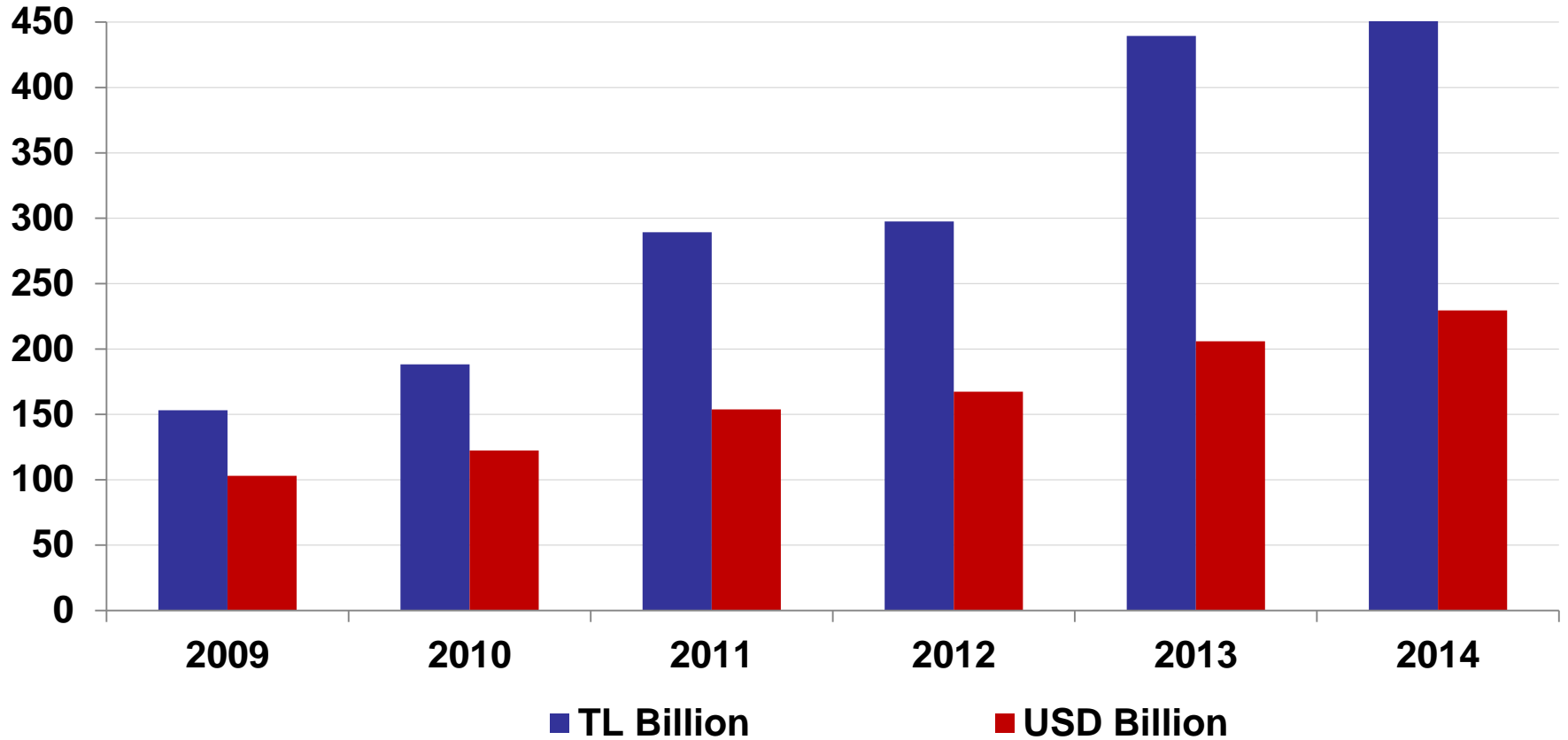


Free Shareholder's Equity



Source: BRSA

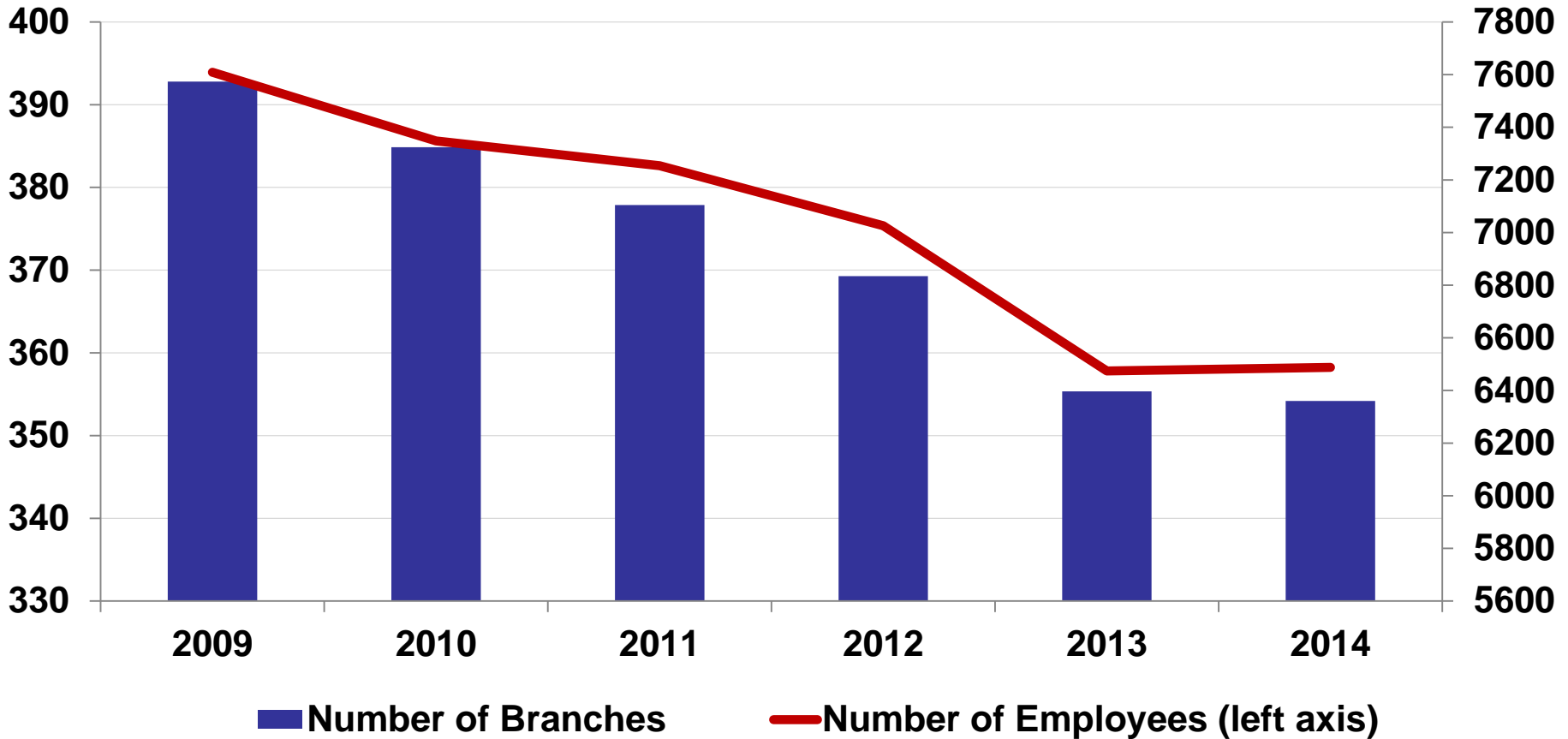
Non Deposit Funds



Source: BRSA

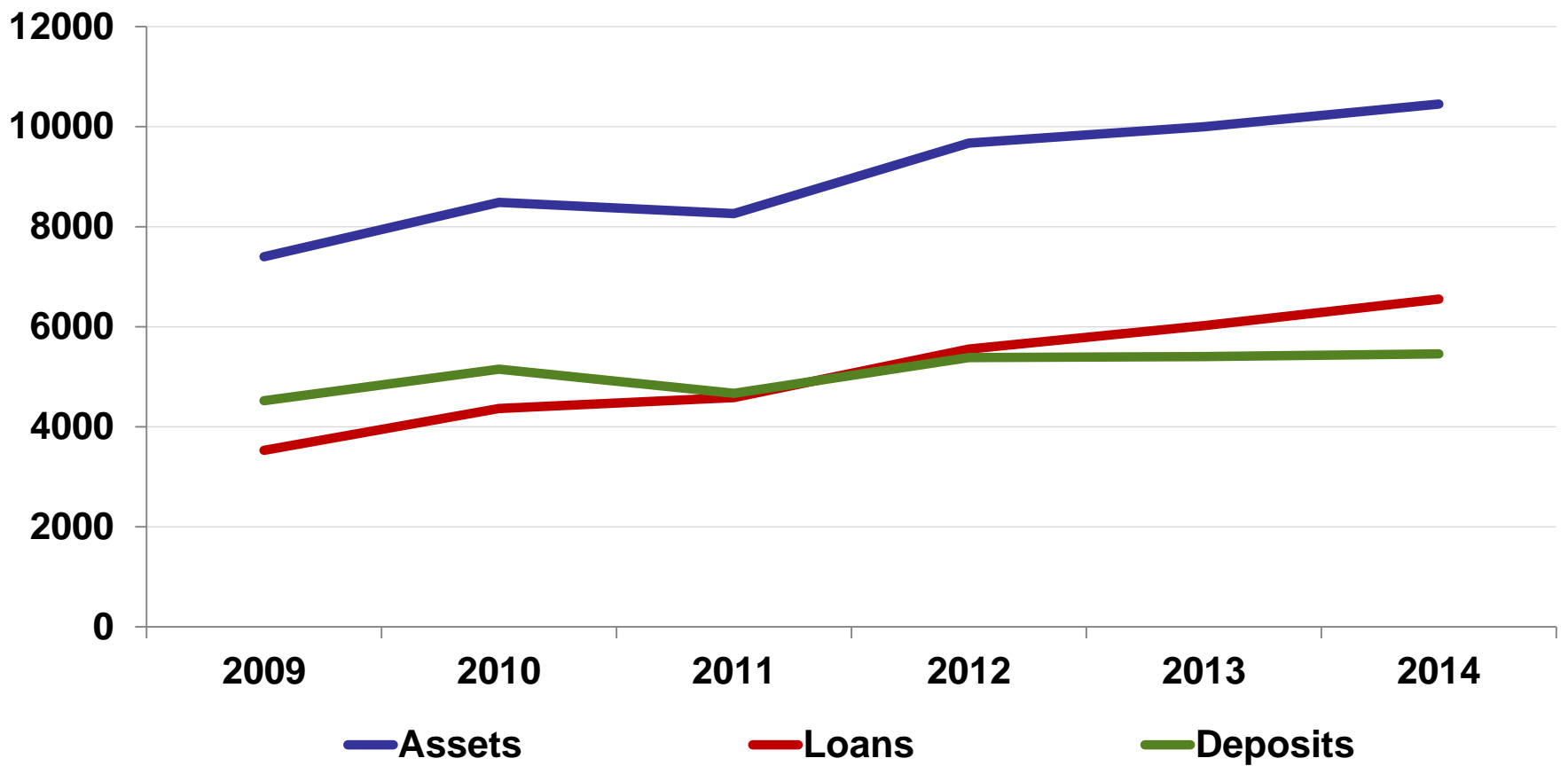
Selected Indicators

Branches and Employees Per Capita (Person)



Source: BRSA, TurkStat

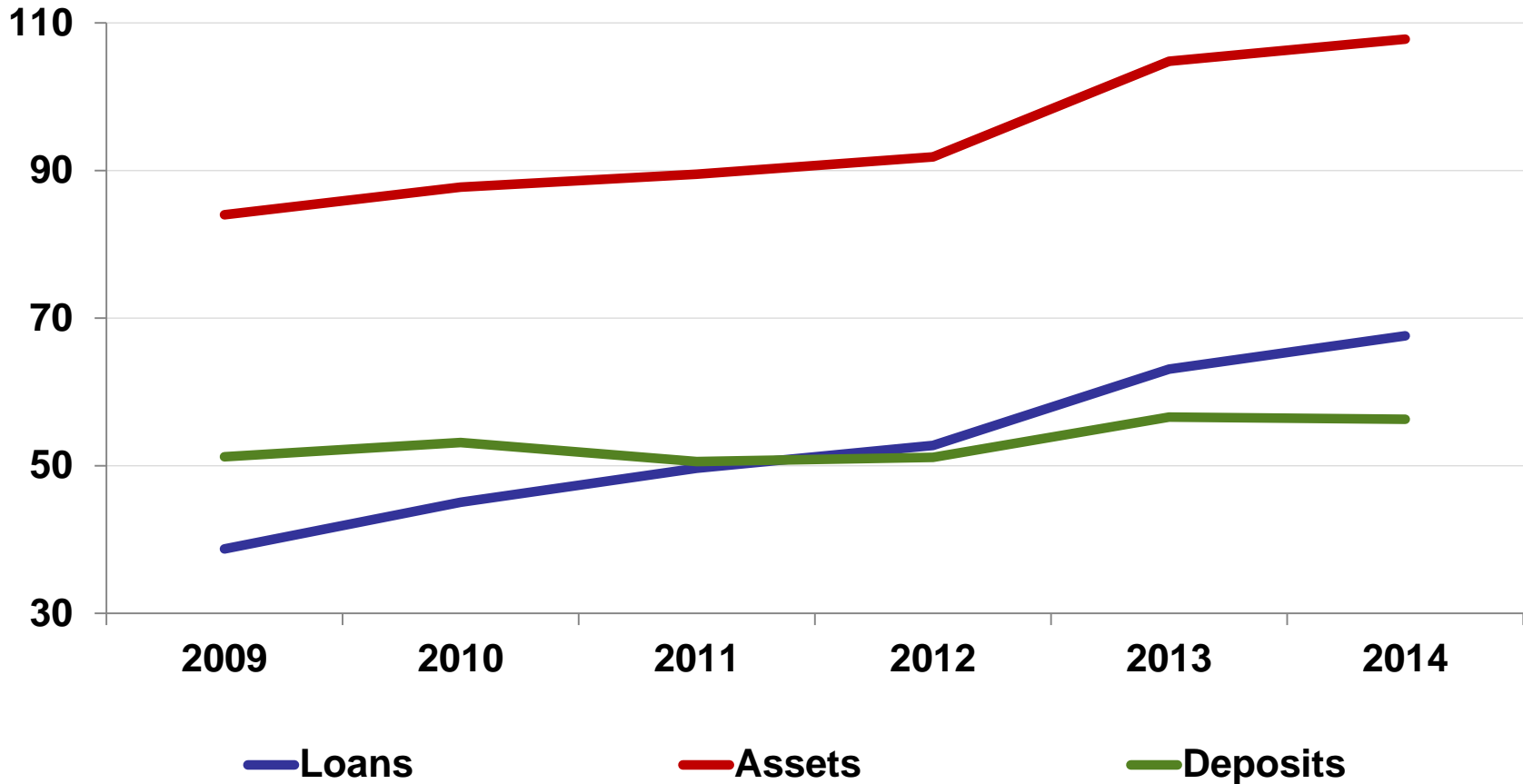
Assets, Loans and Receivables, Deposits Per Capita (USD)



Source: BRSA, TurkStat

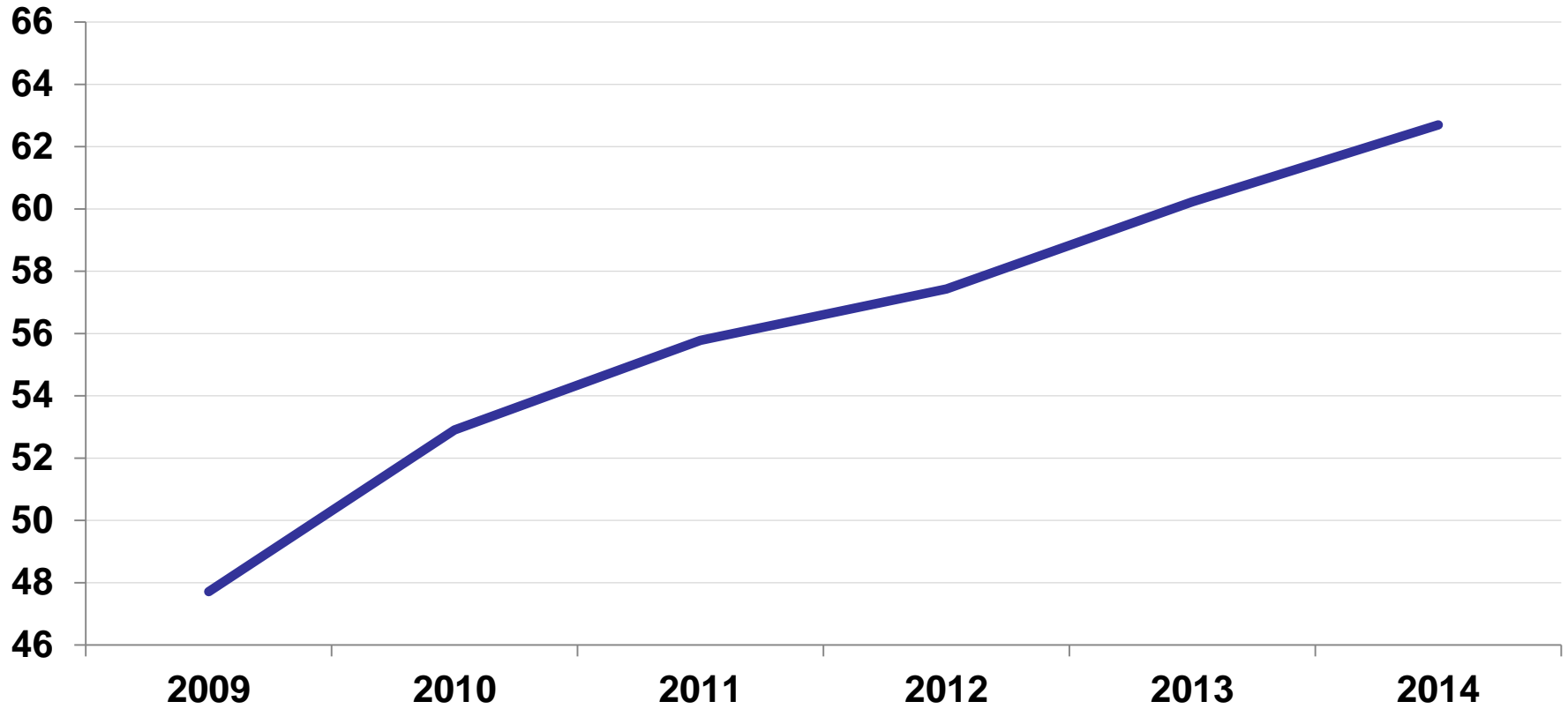


Selected Balance Sheet Indicators to GDP (Percent)



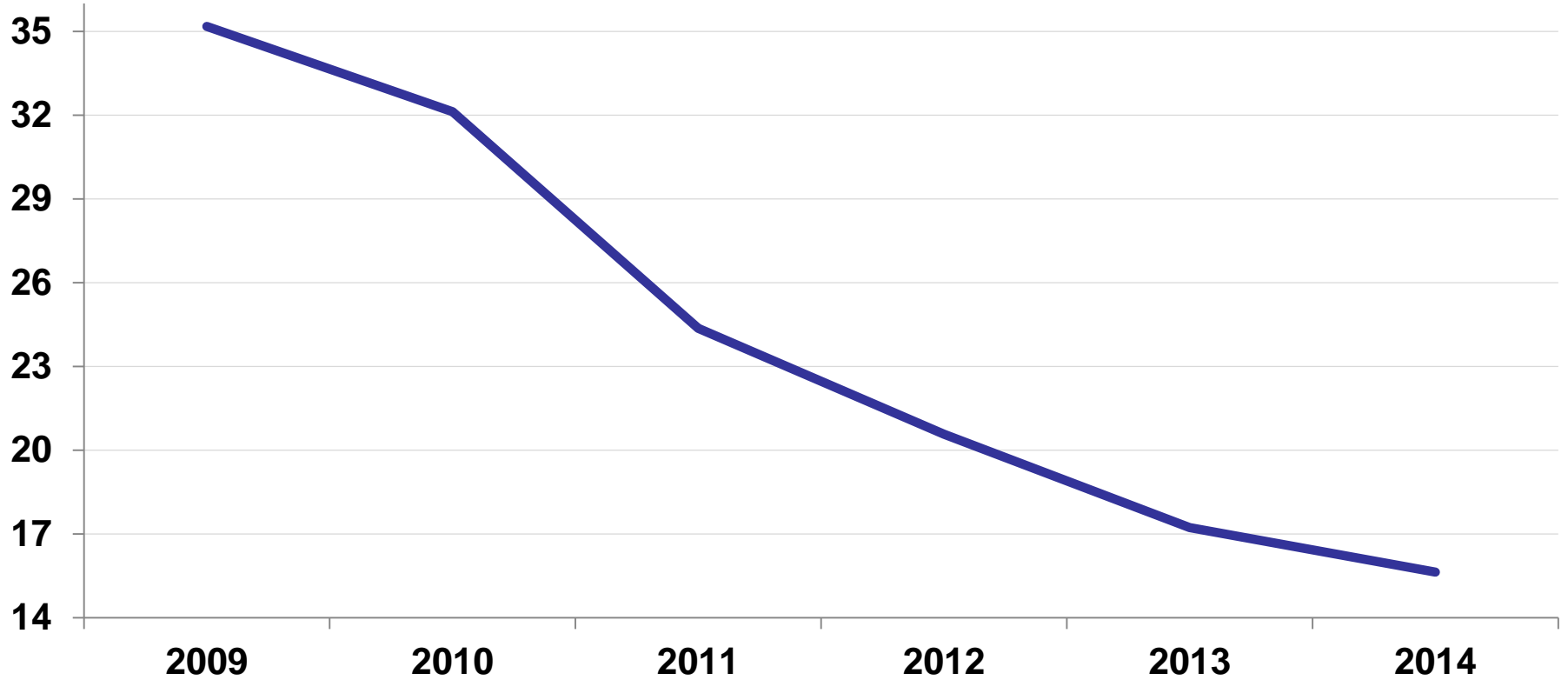
* GDP is calculated by estimating y-o-y growth rate as 3 percent for 2014Q4
Source: BRSA, TurkStat, BAT

Loans and Receivables / Total Assets (Percent)



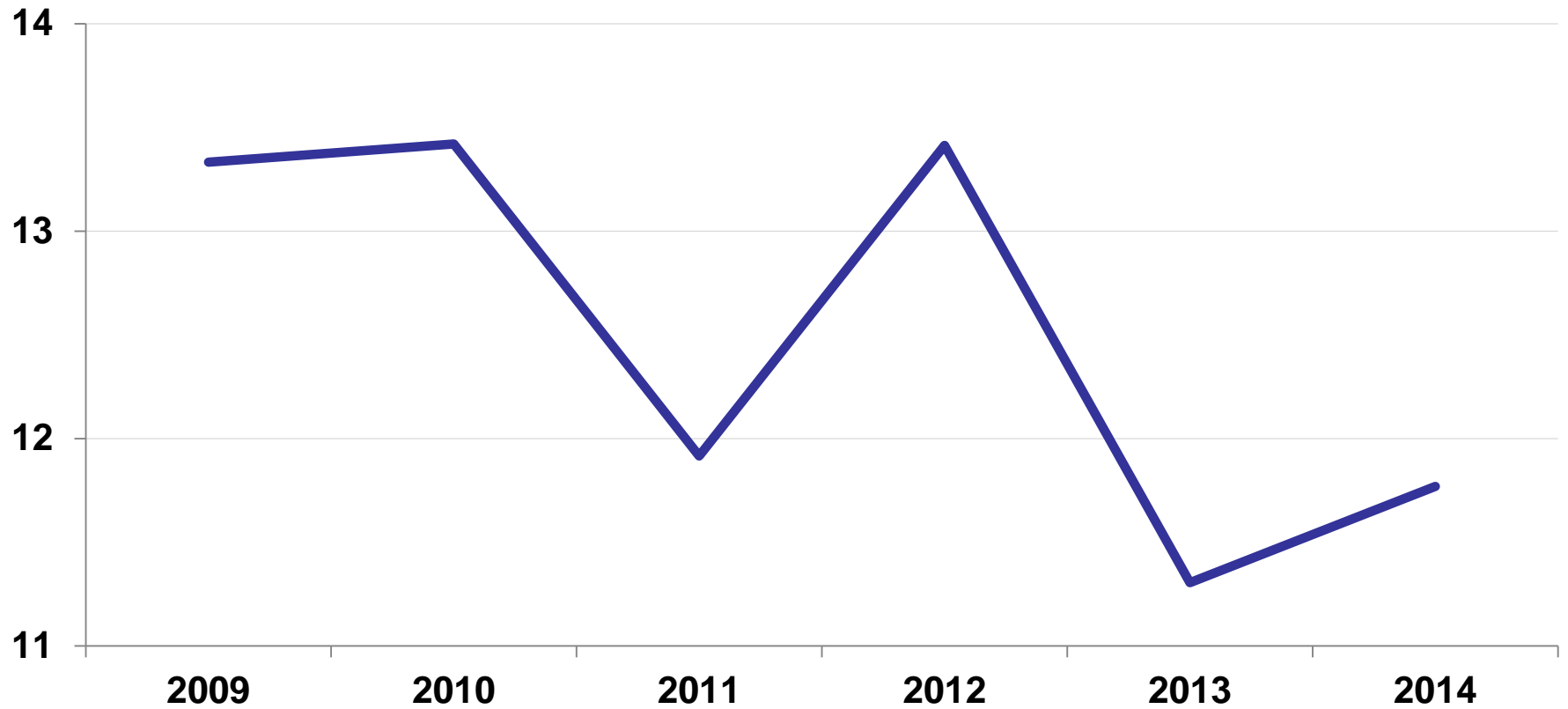
Source: BRSA

Financial Assets / Total Assets (Percent)



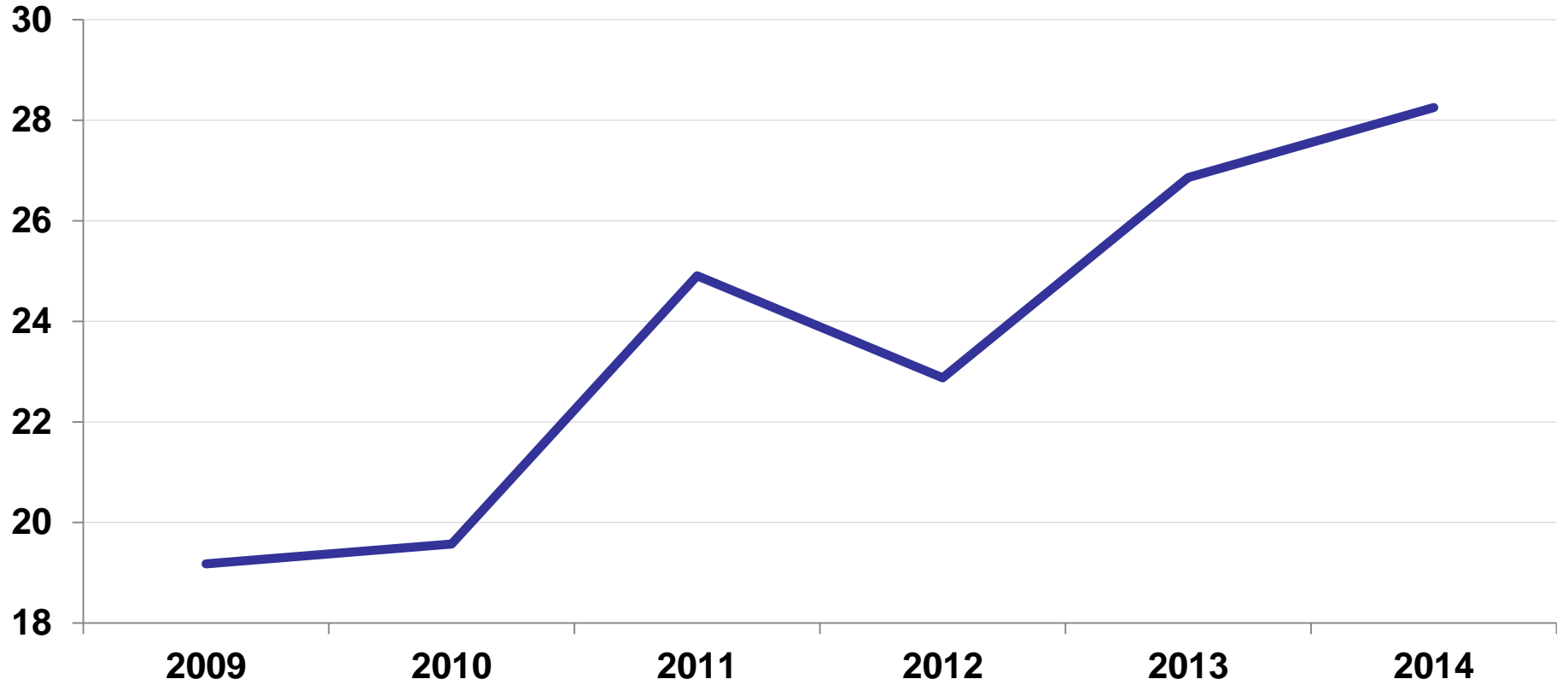
Source: BRSA

Shareholder's Equity / Total Assets (Percent)



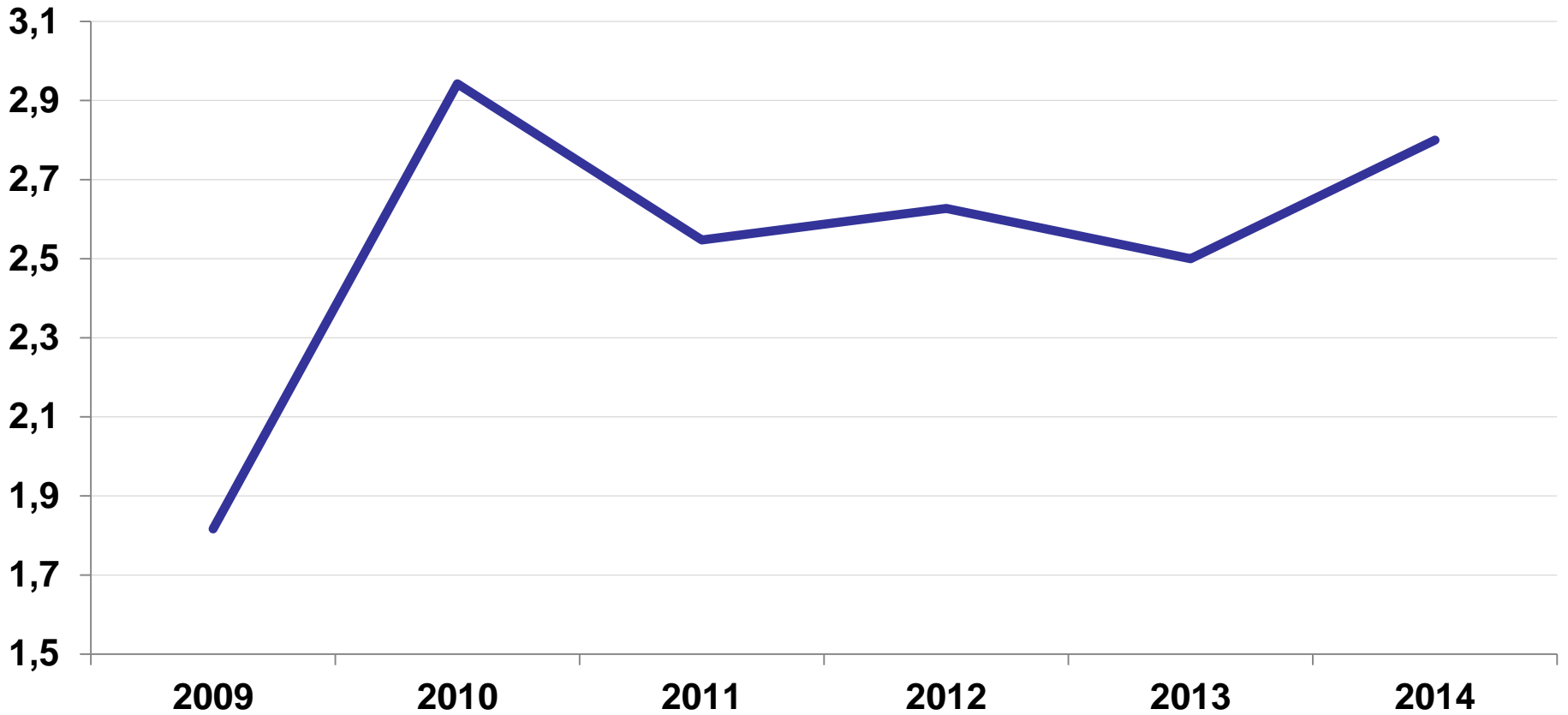
Source: BRSA

Non-Deposit Funds / Total Assets (Percent)



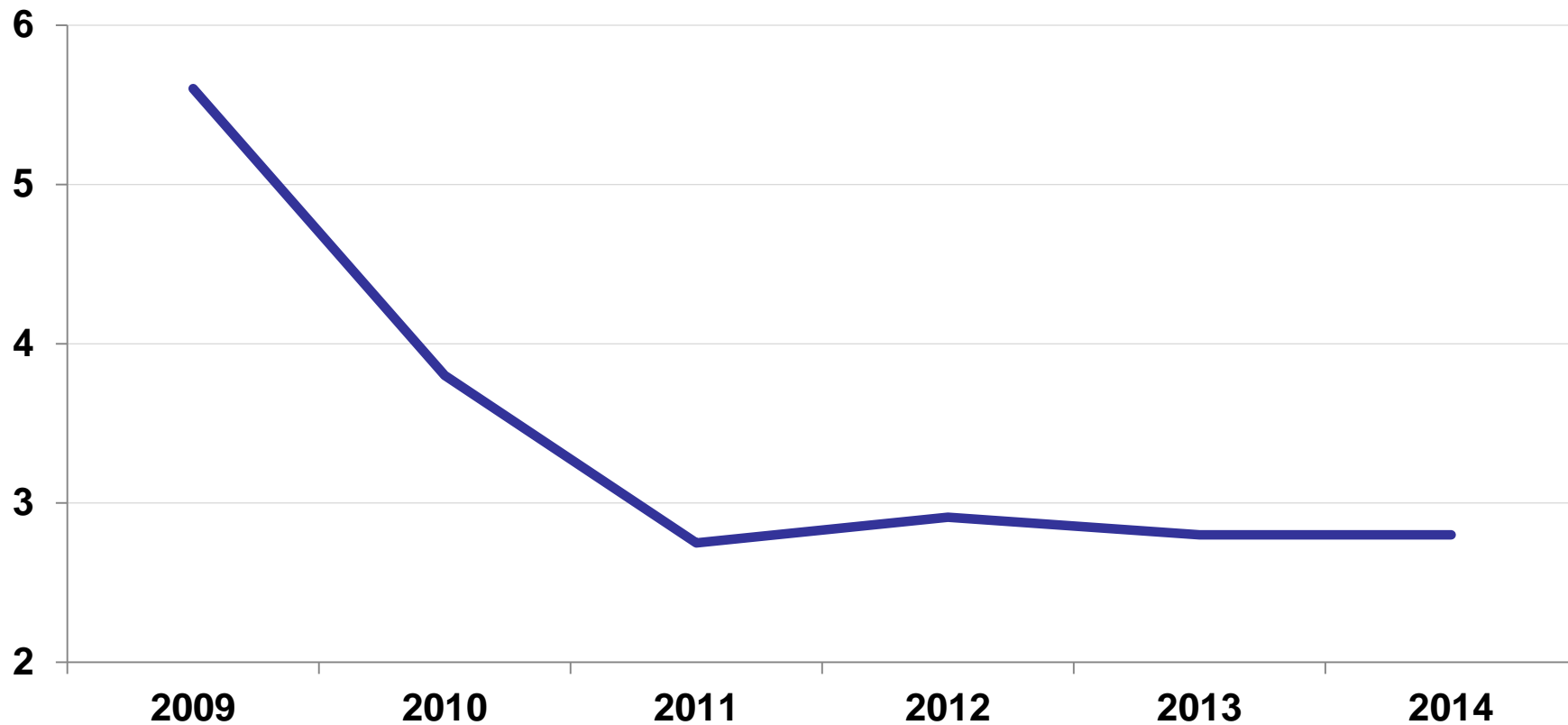
Source: BRSA

Other Assets / Total Assets (Percent)



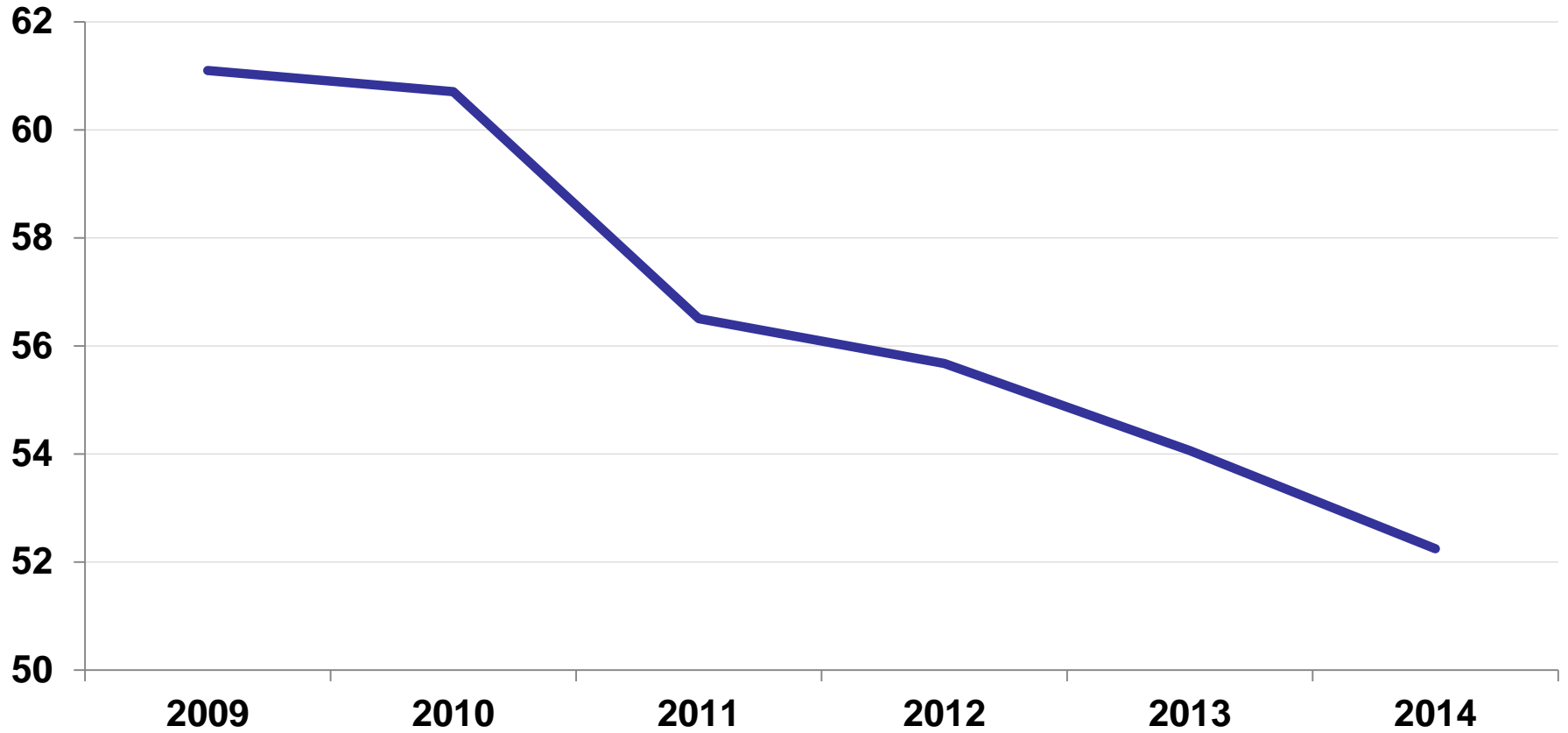
Source: BRSA

Non Performing Loans (Before provisions) / Total Loans and Receivables (Percent)



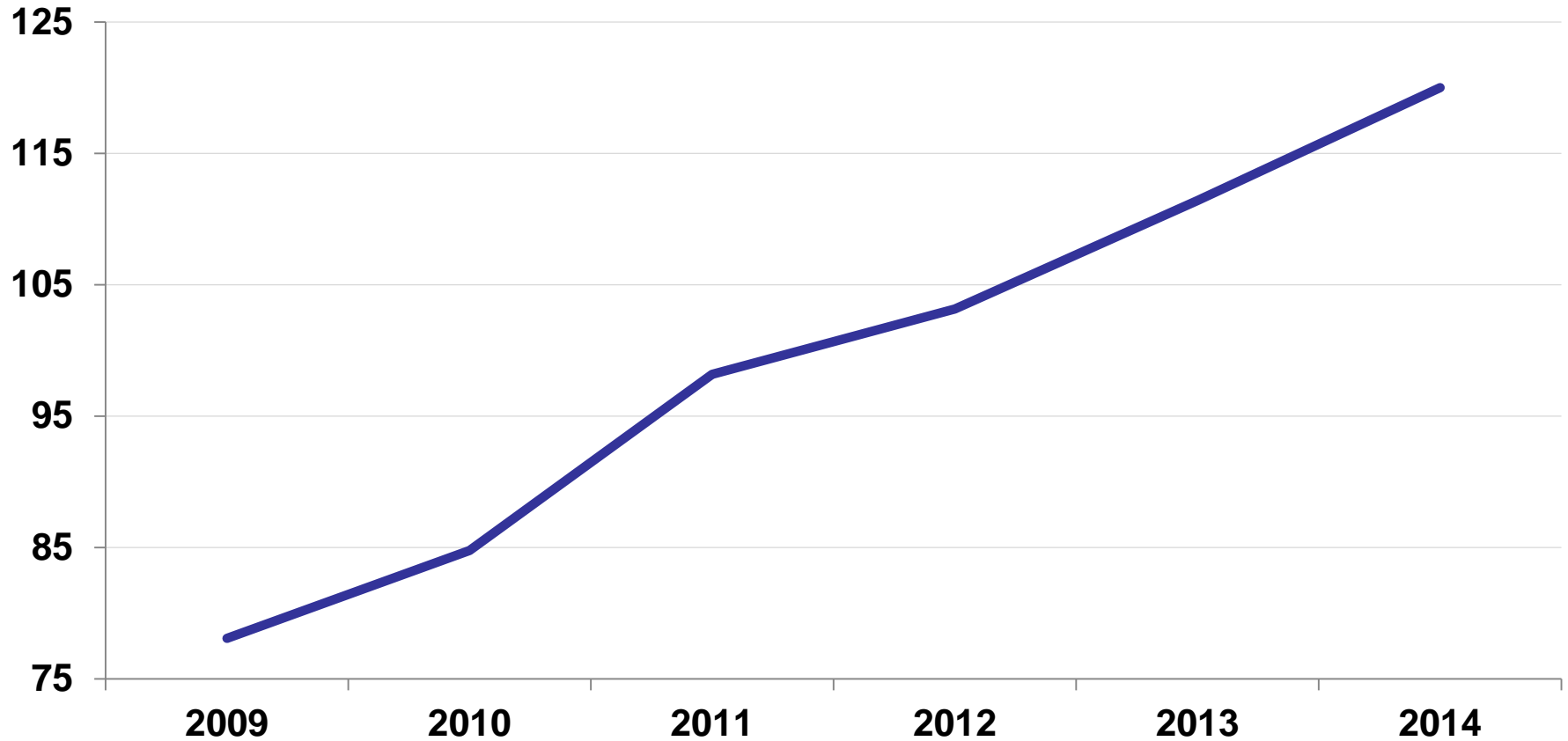
Source: BRSA

Deposits / Total Assets (Percent)



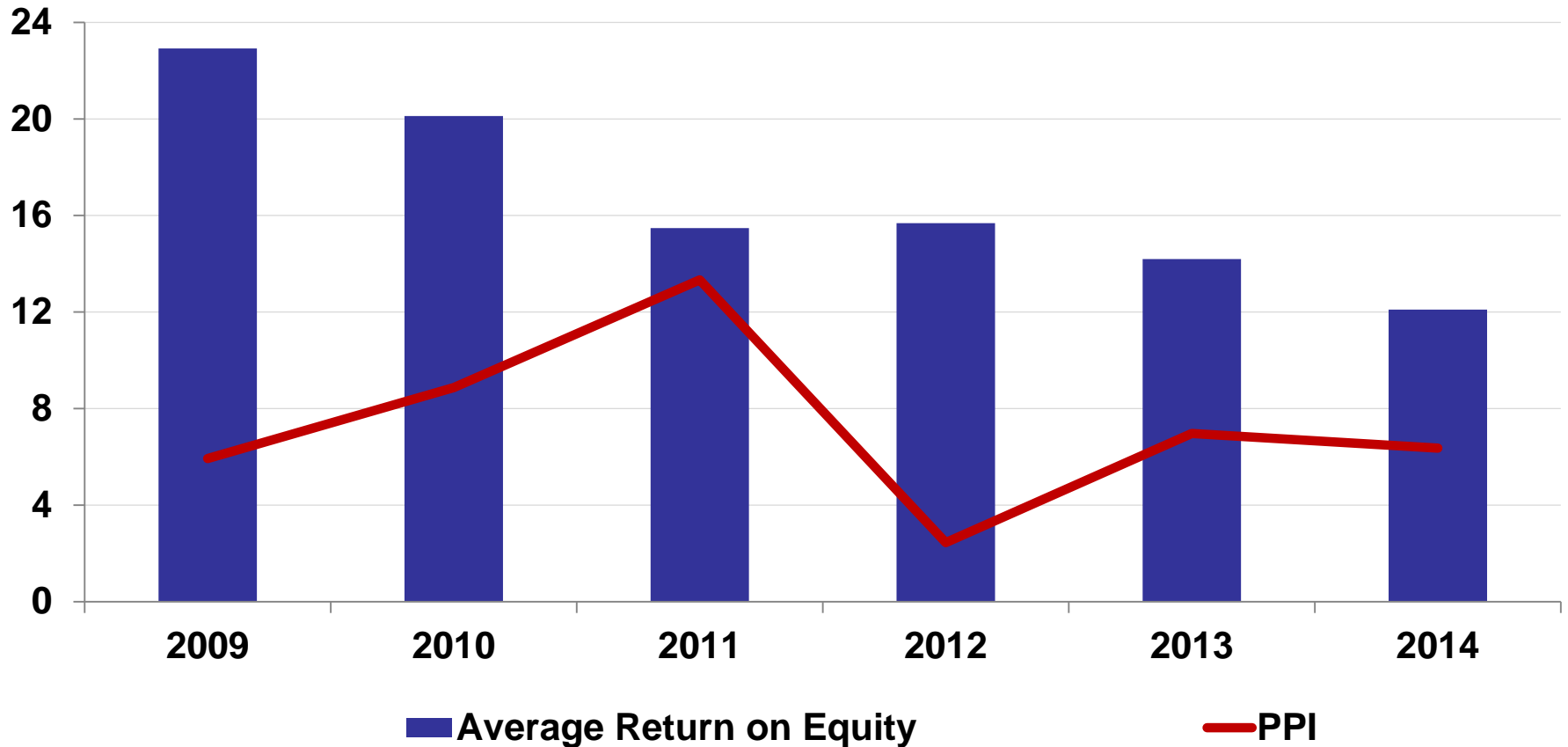
Source: BRSA

Loans and Receivables / Deposits (Percent)



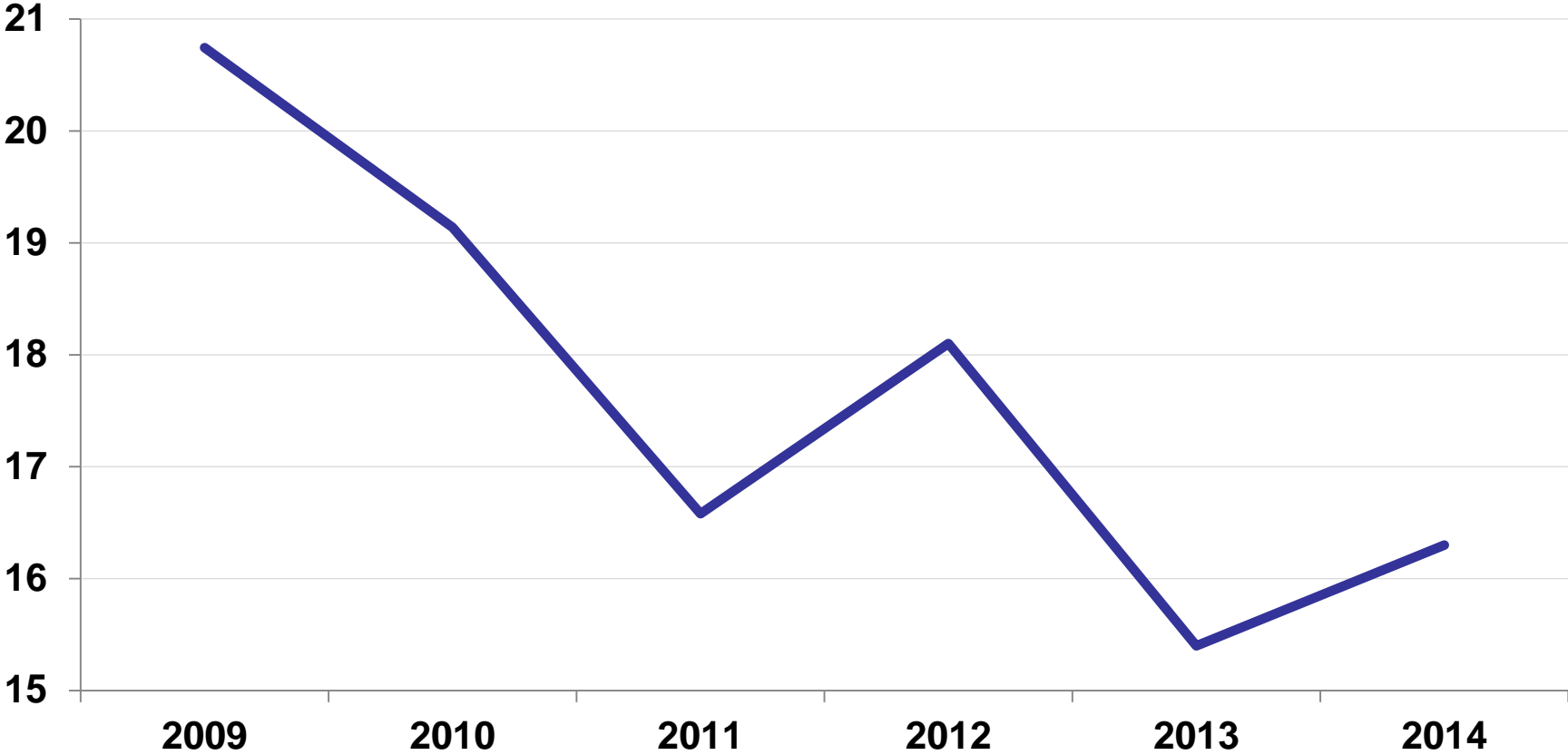
Source: BRSA

Net Profit (Losses) / Total Shareholder's Equity, PPI (Percent)



Source: BRSA, TurkStat, BAT

Capital Adequacy Ratio (Percent)

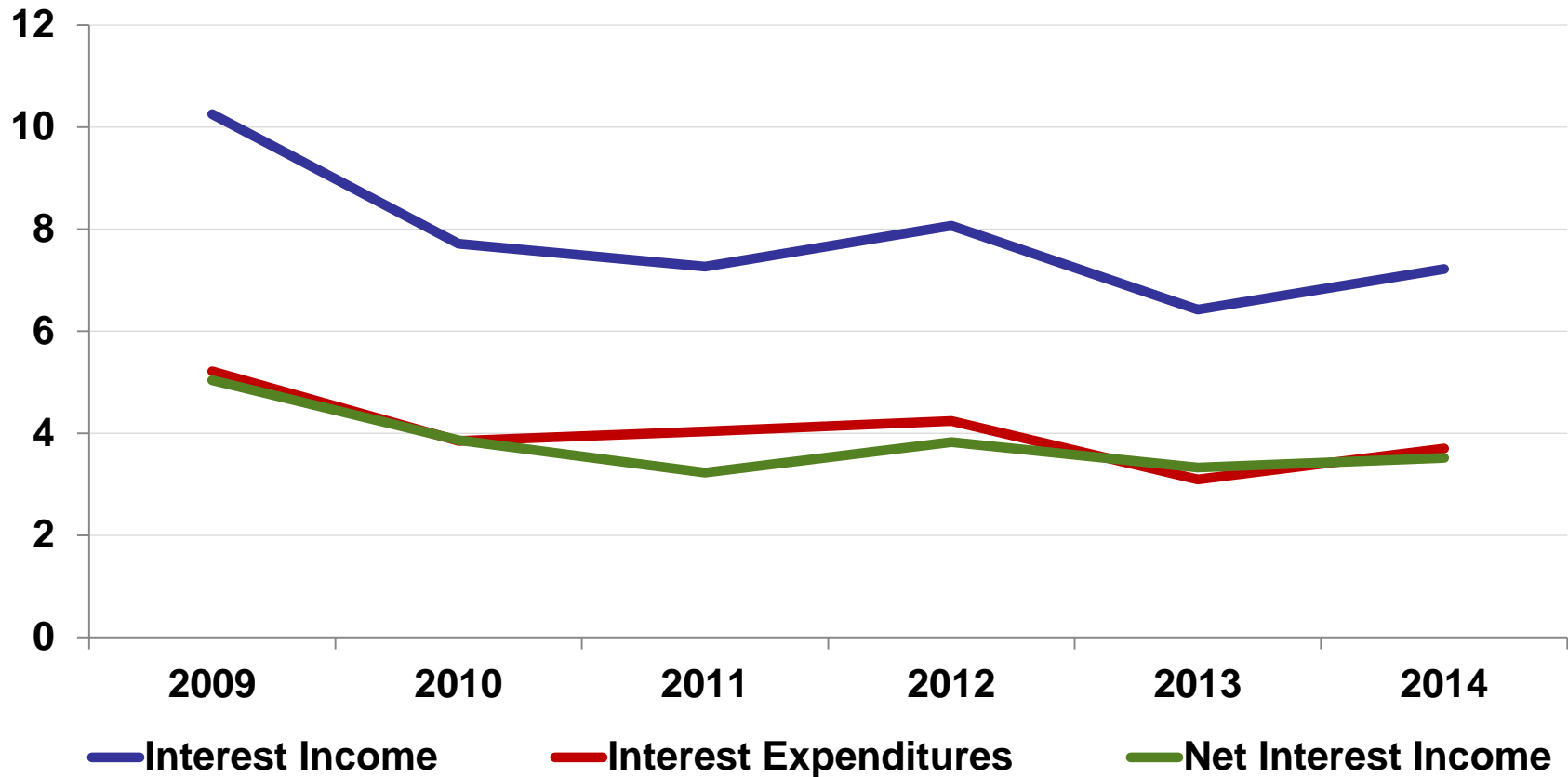


Source: BRSA



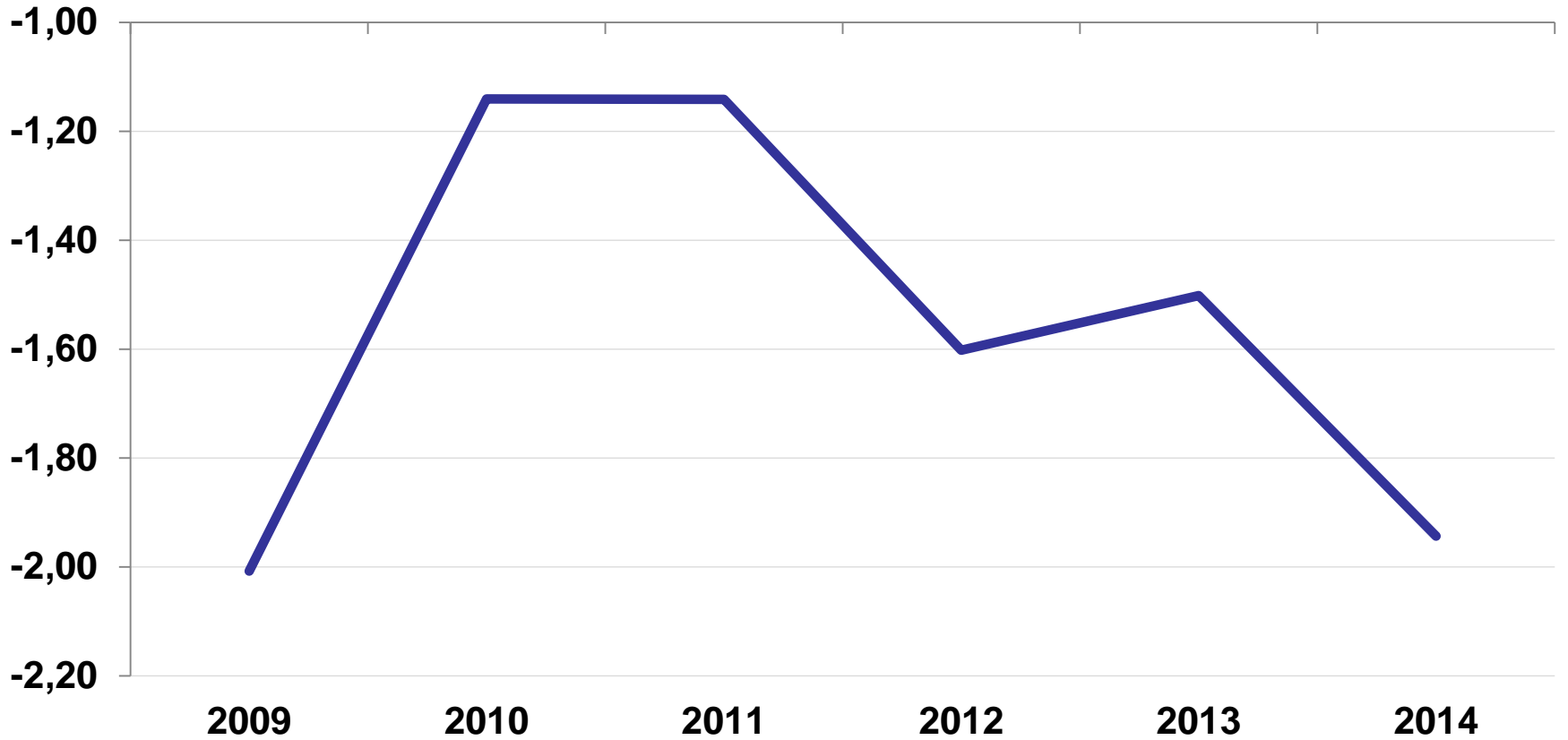
Income / Expenditure Indicators

Interest Income, Interest Expenditure and Net Interest Income to Total Assets (Percent)



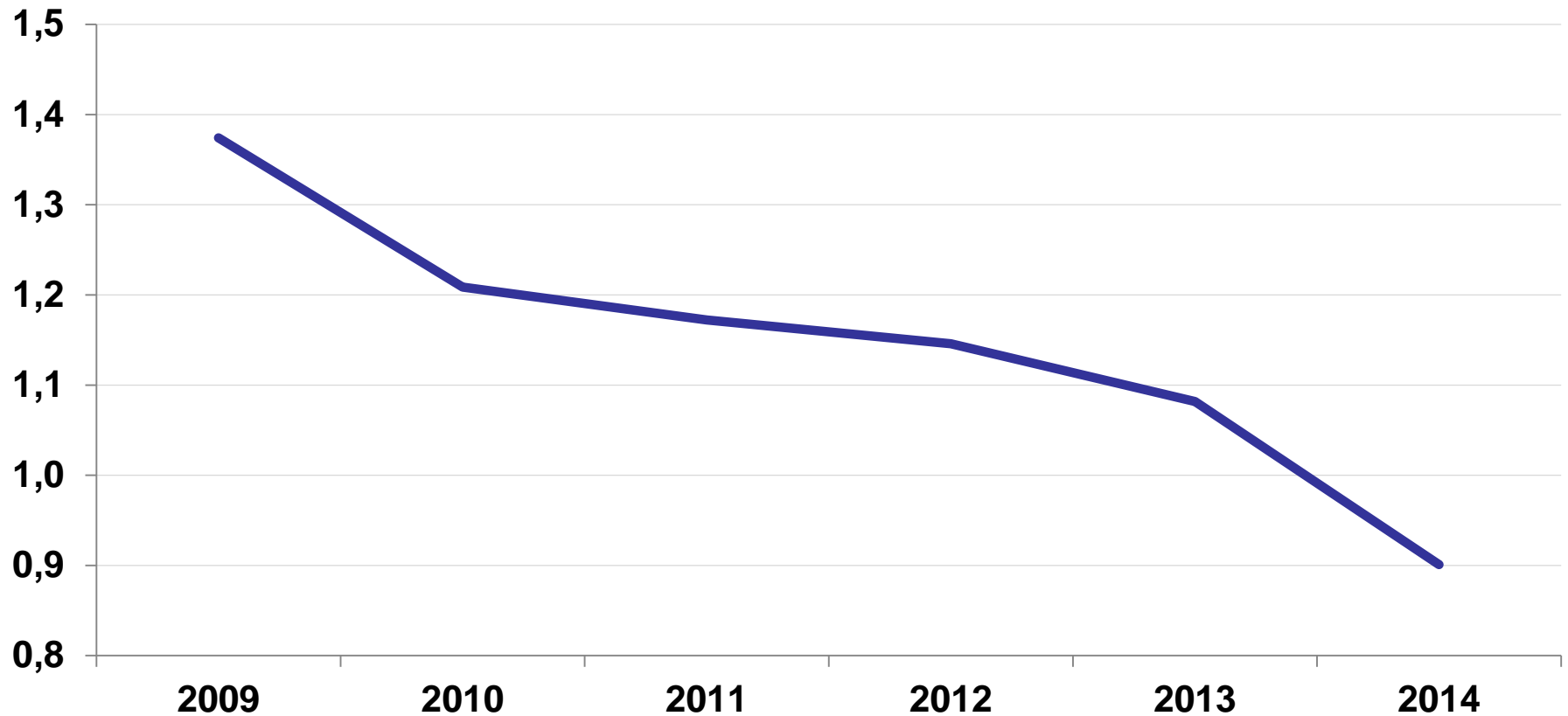
Source: BRSA

Net Non Interest Income / Total Assets (Percent)



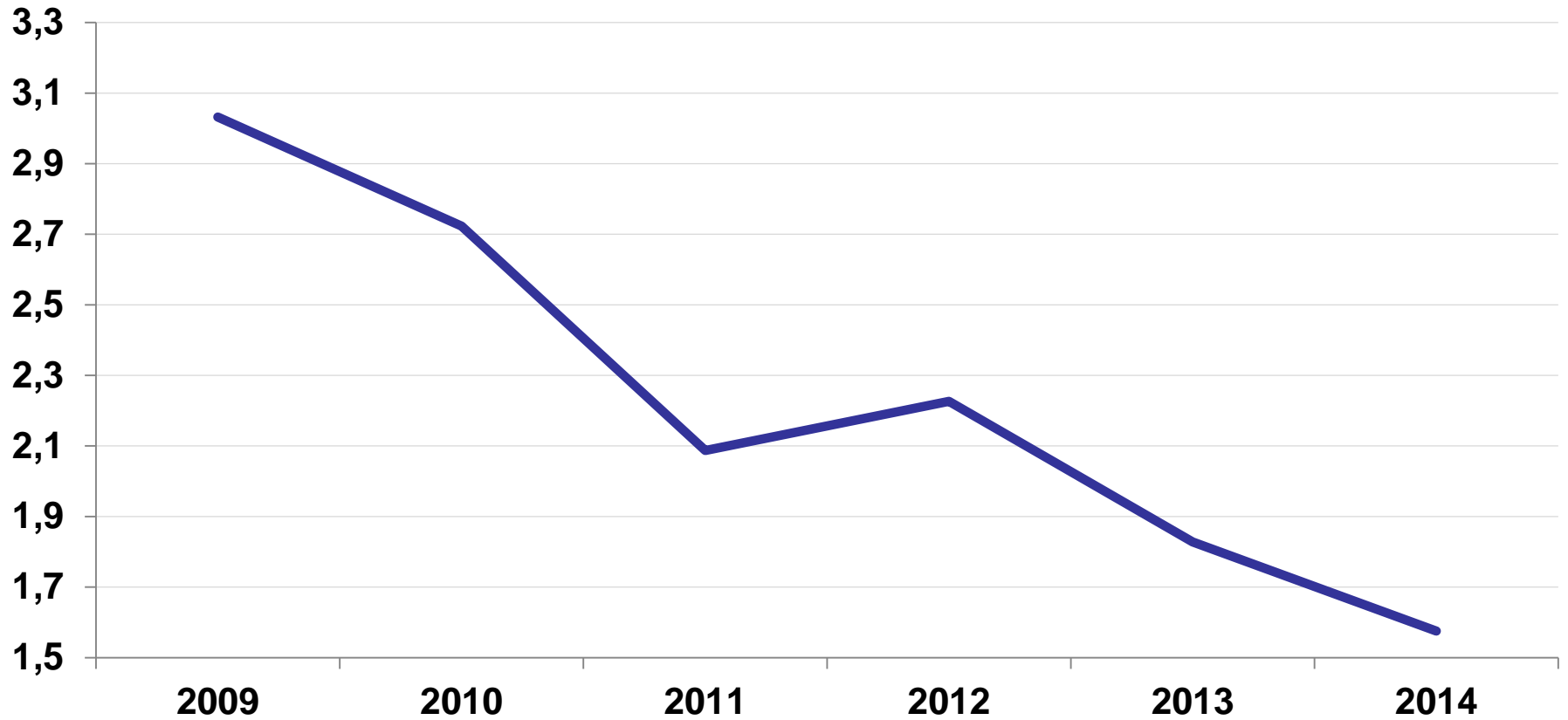
Source: BRSA

Net Fees, Commissions and Banking Services Income / Total Assets (Percent)



Source: BRSA

Net Operating Profit (Loss) / Total Assets (Percent)



Source: BRSA

International Comparison

Capital Adequacy Ratios of G-20 Countries (Percent)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Latest date of the data</u>
USA¹	13,0	12,8	12,8	14,3	15,3	15,3	14,6	14,4	14,5	March
Germany	12,5	12,9	13,6	14,8	16,1	16,4	17,9	19,2	17,7	June
Argentina	16,9	16,9	16,9	18,8	17,7	15,6	14,1	13,6	14	June
Australia	10,3	10,1	11,3	11,9	11,4	11,6	11,9	11,6	12,1	June
UK	12,9	12,6	12,9	14,8	15,9	15,7	16,4			June
Brazil	19,0	18,8	18,3	19,0	17,7	17,3	16,7	16,1	15,5	June
China	4,9	8,4	12,0	11,4	12,2	12,7	13,3	12,2		December
Indonesia¹	21,3	19,3	16,8	17,4	17,2	16,1	17,3	19,8	18,9	June
France	10,9	10,2	10,5	12,3	12,7	12,3	14,5	15,4		December
S.Africa	12,3	12,8	13,0	14,1	14,9	15,1	15,7	14,8	14,6	June
India²	12,3	12,3	13,0	13,2	13,6	14,2	13,4	12,3	12,6	June
Italy	10,1	10,1	10,4	11,7	12,1	12,7	13,3	13,4		December
Japan	13,3	12,3	12,4	13,3	13,3	14,2	14,2	14,9	15,6	March
Canada	15,3	14,8	12,2	14,7	15,56	15,9	15,4	14,3	13,9	June
Korea	12,8	12,3	12,3	14,4	14,6	14,0	14,3	14,5		December
Mexico	16,1	15,9	15,3	16,5	16,9	15,7	15,9	15,6	15,9	July
Russia¹	14,9	15,5	16,8	20,9	18,1	14,7	13,7	13,5	12,8	June
Suudi Arabia	21,9	20,6	16,0	16,9	17,6	17,6	18,2	17,9	17,8	June
Turkey¹	21,9	18,9	18,0	20,6	19,0	16,5	17,9	15,3	16,3	June

Source: IMF, Financial Soundness Indicators,

Return on Equity of G-20 Countries (Percent)

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Latest date of the data</u>
USA	USA	17.2	11.2	-1.6	-0.5	8.2	6.8	3.1	3.3	3.1	March
Germany	Germany	11.9	6.5	-2.5	5,0	8.8	13,0	10.8			December
Argentina	Argentina	14.3	11,0	13.4	19.2	24.4	25.3	40,0	43.7	56.7	June
Australia	Australia	27.5	30,0	19.3	18.9	20.1	22,0	20,0	23,0	23.5	MArch
UK	UK	8.9	6.2	-2.5	-0.1	6.9	6.1	5.8			June
Brazil	Brazil	28.7	32,0	14.3	22,0	28.9	14,0	15.8	14,0	13.6	June
China	China	14.9	16.7	17.1	16.2	17.5	20.4	19.8	19.2		December
Indonesia	Indonesia	27.1	27.8	23.9	26.3	26.1	20.3	21,0	24.5	22.6	June
France	France	14,0	9.8	3.6	7.2	12,0	8.3	6,0	8.4		December
S.Africa	S.Africa	18.3	18.1	26.9	18,0	18.3	21,0	20.2	19.1	17.9	June
India	India	12.7	13.2	12.5	13.1	14.3	15,0	13.8	11.1	12.3	June
Italy	Italy	14.8	13.9	4.9	4,0	3.7	-13,0	1,0	-11.5		December
Japan	Japan	8.5	6.1	-6.9	5.5	5.5	7.3	6,0	8.9	8.4	MArch
Canada	Canada	30.6	28.4	15,0	18.2	22.9	22.5	21.5	22.3	22.9	June
Korea	Korea	14.6	14.6	7.2	5.8	7.2	13.2	8.2	4,0		December
Mexico	Mexico	31.2	24.1	14.8	15.2	16.8	15.5	17.5	19.3	16.5	July
Russia	Russia	26.3	22.7	13.3	4.9	12.5	17.3	17.9	14,0		December
Suudi Arabia	Suudi Arabia	43.4	28.5	22.7	16.4	14.7	16.3	16,0	14.6	16.2	June
Turkey	Turkey	27.1	26.6	20.1	26.4	23.9	19,0	19.6	17.4	15.4	June

Source: IMF, Financial Soundness Indicators, April 2013

Selected Banking Indicators of EU and Other European Countries (Percent)

	<u>Assets to GDP</u>		<u>Loans to GDP</u>		<u>Deposits to GDP</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Luxembourg	2241	2012	951	864	1005	947
Malta	774	693	233	205	277	270
Ireland	714	620	256	220	284	235
Cyprus	723	547	462	387	415	318
UK	497	468	229	227	208	209
Denmark	472	420	260	255	119	115
France	397	383	217	210	195	190
Netherlands	415	373	230	210	177	173
Portugal	337	311	186	171	195	186
Spain	348	308	204	179	221	200
Austria	318	292	191	177	174	163
Sweden	298	289	168	165	93	94
Germany	309	275	175	162	170	164
Finland	312	272	158	136	91	95
Belgium	289	267	130	123	169	161
Italy	269	259	158	153	147	148
Greece	229	224	138	135	164	147
Croatia	134	134	104	104	80	81
Slovenia	144	131	105	92	104	91
Czech Republic	125	128	72	77	86	86
Latvia	127	125	78	87	42	45
Bulgaria	114	119	83	83	72	78
Hungary	122	118	72	67	61	64
Estonia	113	107	93	88	73	72
Poland	93	93	65	64	58	59
Slovakia	84	85	55	57	62	62
Lithuania	74	69	56	53	41	40
Romania	69	64	50	45	38	36
Turkey	97	111	56	67	55	60

Source: ECB

Selected Banking Indicators of EU and Other European Countries (Thousand Euro)

	<u>Assets per Capita</u>		<u>Loans Per Capita</u>		<u>Deposit per Capita</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Luxembourg	1833	1703	778	732	822	802
Ireland	255	222	91	79	102	84
Denmark	207	187	114	113	52	51
UK	151	139	69	68	63	62
Netherlands	149	134	82	75	63	62
Sweden	128	127	72	73	40	41
France	124	120	68	66	61	60
Malta	128	119	39	35	46	47
Austria	116	108	70	65	63	60
Cyprus	149	104	95	74	85	61
Finland	111	97	56	49	32	34
Germany	102	93	58	55	57	56
Belgium	98	92	44	42	57	55
Italy	71	68	42	40	39	39
Spain	76	67	45	39	48	44
Portugal	53	49	29	27	30	29
Greece	40	37	24	22	29	24
Slovenia	25	22	18	16	18	16
Czech Republic	18	18	11	11	13	12
Estonia	15	15	12	12	10	10
Latvia	14	14	9	10	5	5
Croatia	14	14	11	11	8	8
Hungary	12	12	7	7	6	6
Slovakia	11	11	7	8	8	8
Poland	9	9	6	6	6	6
Lithuania	8	8	6	6	4	5
Bulgaria	6	7	5	5	4	4
Romania	5	5	3	3	2	3
Turkey	8	8	4	4	4	4

Source: ECB

Selected Indicators of Financial Sector to Gdp Ratios Comparison with World and Emerging Countries (Percent)

	<u>2002</u>			<u>2008</u>			<u>2011</u>			<u>2012</u>			<u>2013</u>		
	World	EM	TR	World	EM	TR	World	EM	TR	World	EM	TR	World	EM	TR
Banks Assets	264	145	61	160	87	75	158	100	94	162	106	98	160	110	105
Capital Markets	203	59	59	192	79	47	208	74	59	210	82	69	216	78	59
Equities	69	25	16	55	42	19	67	38	29	73	42	40	83	39	32
Bonds and Bills	135	35	43	137	38	28	141	36	30	137	40	30	133	39	27
Total	468	205	120	352	167	121	366	174	153	372	188	167	376	188	164

Source: IMF, Global Financial Stability Report, October 2014

Comparison with World and Emerging Countries (Percent)

	2001		2002		2011		2012		2013	
	TR/ World	TR/ EM*	TR/ World	TR/ EM	TR/ World	TR/ EM	TR/ World	TR/ EM	TR/ World	TR/ EM
Banks Assets	0.21	1.65	0.17	1.34	0,59	2,54	0,66	2,68	0,64	2,42
Capital Markets	0.27	4.45	0.21	3.18	0,28	2,11	0,36	2,46	0,30	2,15
Equities	0.24	3.49	0.17	2.06	0,42	2,02	0,59	2,78	0,42	2,34
Bonds and Bills	0.29	5.25	0.23	3.98	0,21	2,20	0,23	2,13	0,22	1,97
Total	0.24	2.49	0.19	1.87	0,41	2,35	0,49	2,59	0,34	1,76
Gdp	0.77	3.33	0.72	3.19	1,10	3,03	1,09	2,91	1,10	2,84

Source: IMF, Global Financial Stability Report, October 2014

Remarks

- Net Interest Income / Expenditure: Interest Income – Interest Expenditures
- Free Shareholder's Equity: Shareholder's Equity - (Fixed Assets + Non Performing Loans (net))
- Non Deposit Funds: Payables to the Central Bank + Payables to money market + Payables to banks + Funds from Repo transactions + Funds + Securities issued
- Net Non Interest Income (Expenditure) : Net Operating Profit (Loss) – Net Interest Income (Expenditure)
- Net Fees and Commissions (Expenditure) : Fees and commissions provided from loans – Fees and commissions paid
- Other Assets: Includes all balance sheet asset accounts not covered specifically in other areas of the activity.