Türkiye: Weekly Banking Tracker

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- The weekly growth of FX-adjusted credits decelerated from 1% to 0.2%, mainly due to consumer credits in the sector. 4w trend fell down to 0.6%.
- Deceleration in consumer credits was seen in all of its subsegments and in both public and private banks. Consumer credit card growth was negative due to strong weekly contraction in public banks which brought down the 4w trend rate to below 1%.
- Weekly growth in TL commercial credits fell also in public and private banks due to both SME and non-SME lending, keeping its trend rate at around 0.4%
- Foreign currency (FC) credit growth accelerated with SME lending in private banks. Including the parity impact, its 4w trend rate rose to 1% with the last week's strong impact.
- Regarding deposits, TL deposits grew by only TL 7bn. FC deposits fell by $1.6bn due to outflows in hholds' USD and gold deposits, however on mostly price effects. Adjusted from price effects, the decline in FC deposits was $180mn on a weekly basis resulting in an overall decline of $18.2bn year to date ($25.1bn since end March) according to the CBRT. Deposit dollarization ratio fell to 35.2%.
- The FC protected scheme (in US dollar terms) continued to fall by another $678mn to $33bn. The share of TL deposits excluding FC protected scheme in total deposits rose further to 58.6% (which was 42.2% by end 2023).
- Commercial credit interest rates fell by 28bps to 55.2%; and consumer rates rose by 16bps to 64.8%. Spreads in both segments contracted further. USD credit spreads remained at 7%. As released by the CBRT, TL deposit rate rose by another 34bps to 56.5%.
- Yesterday (26/12) the CBRT lowered the policy rate by 250bps to 47.5%, more than the market expectations of 150-200bps cut. They also narrowed down the symmetric interest rate corridor of 150bps from 300bps. Following the start of the rate cutting cycle, we stay cautious at our funding rate expectation of 31% for 2025 year end and also expect the CBRT to maintain credit growth caps especially on consumer loans as long as needed to support normalization in domestic demand.
- The Non-Performing Loans (NPL) ratio of the sector remained at 1.8%.The ratio for commercial credits continued to fall to 1.5% whereas it is increasing for consumer credits to 2.8%. NPL in consumer credit cards reached 3% (compared to 1.3% at the start of the year) and almost 4% in general purpose loans (compared to 2.9% at the start of the year).

Figure 1. **Total Loans** (FX adjusted, weekly, 4-week moving average)

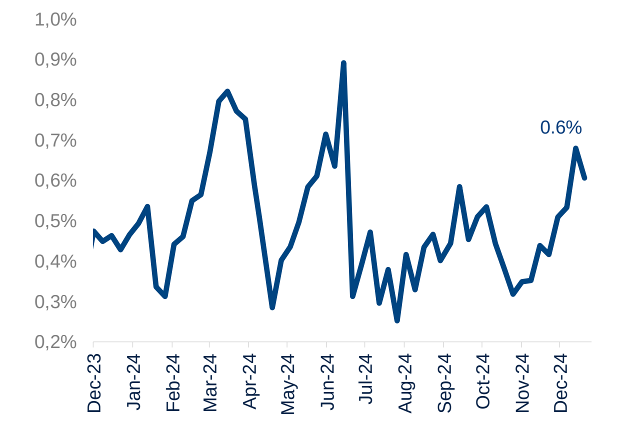


Figure 2. **Total Loans** (FX adjusted, weekly, 4-week moving average)

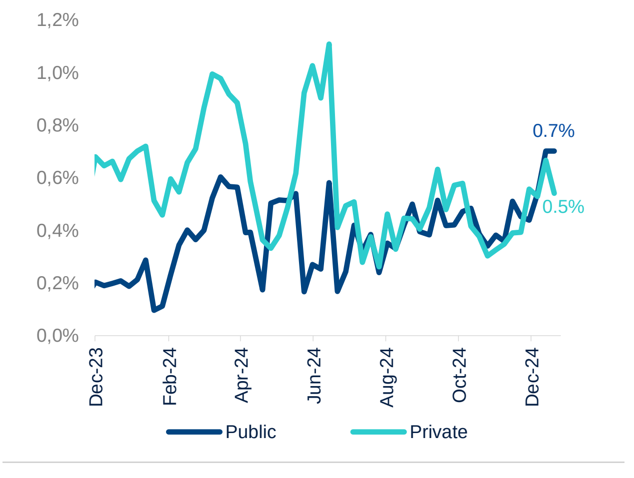


Figure 3. **Total Loans in Segments** (weekly, 4-week moving average)

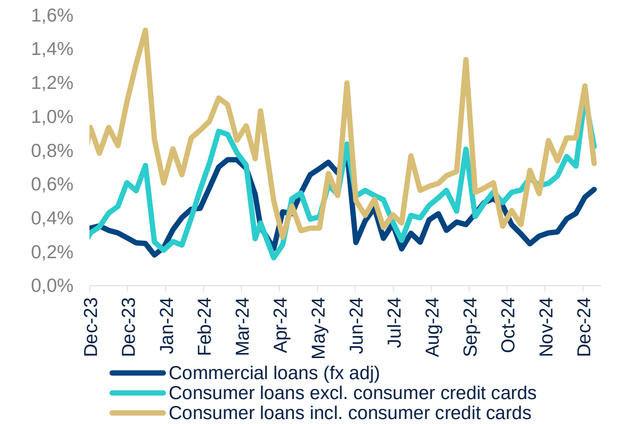


Figure 4. **Consumer Loans** (w/o personal credit cards, weekly, 4-week moving average)

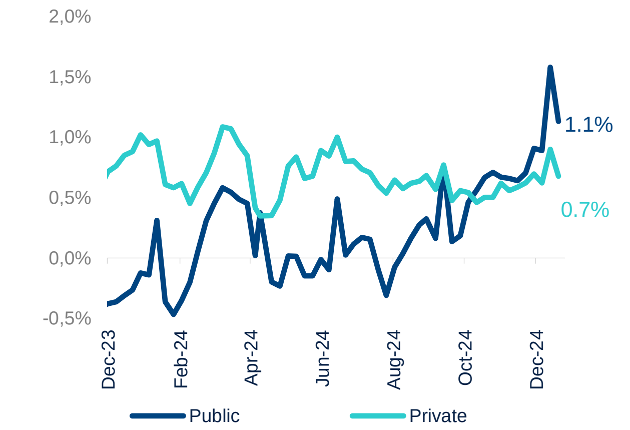


Figure 5. **Commercial Loans** (TL & USD, weekly, 4-week moving average

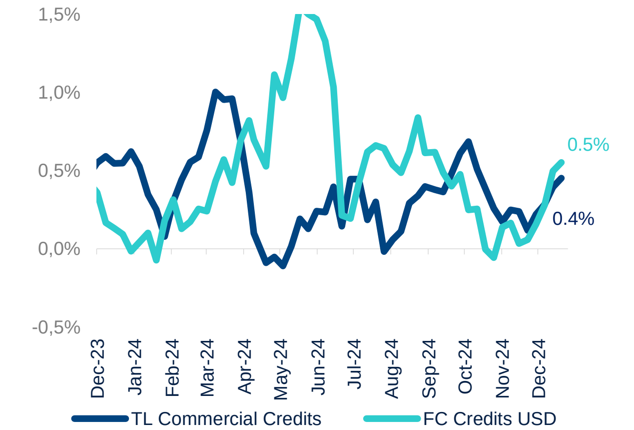


Figure 6. **TL Commercial Loans** (weekly, 4-week moving average)

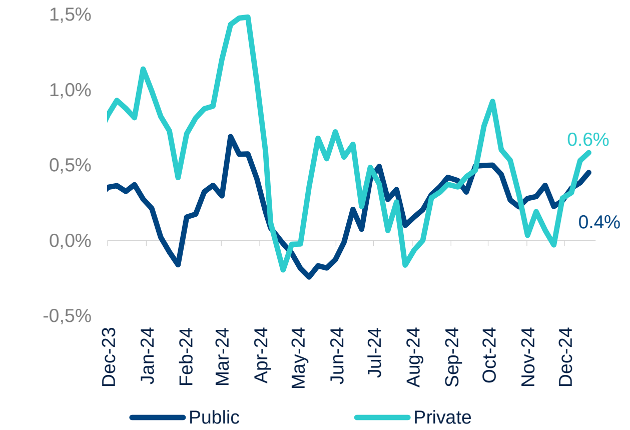


Figure 7. **NPL Ratios in Commercial Credits** (4w avg.%)

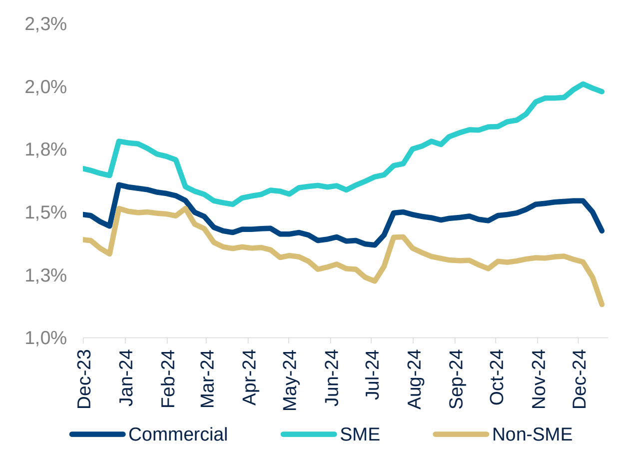


Figure 8. **NPL Ratios in Consumer Credits** (4w avg.%)

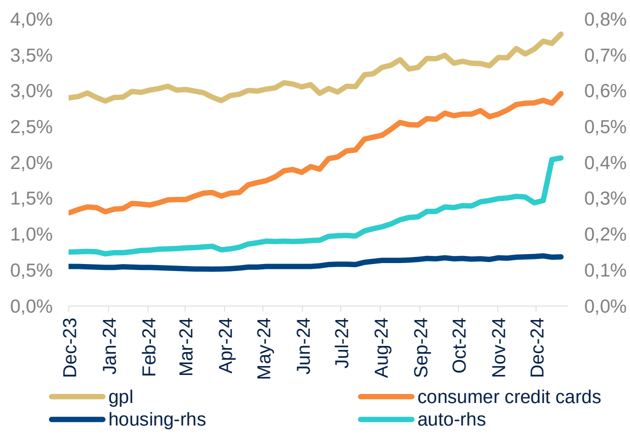


Figure 9. **Share in Banking Deposits** (% in total)

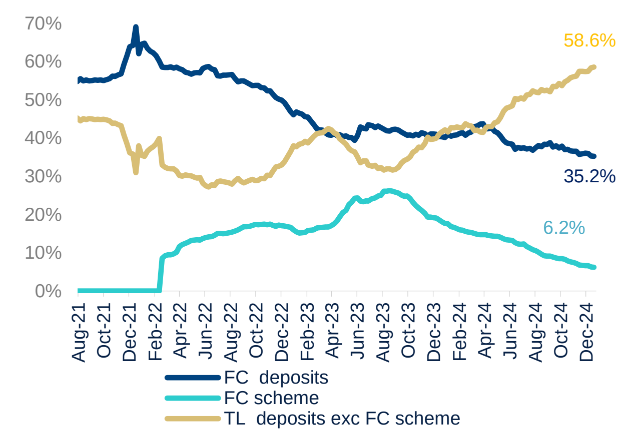


Figure 10. **Residents' FC Deposits Weekly Change** (bn$, adjusted from price effects, cumulative ytd)

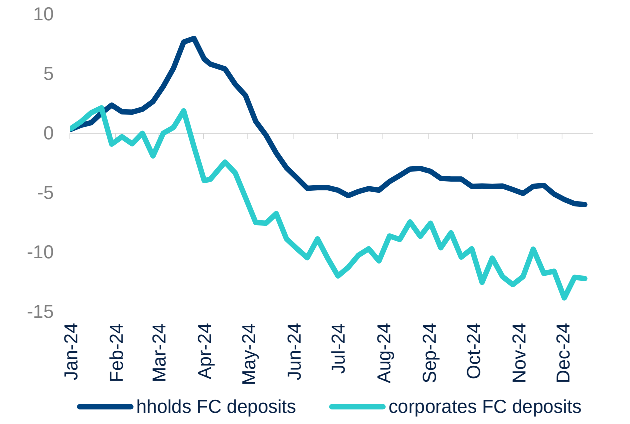


Figure 11. **TL Interest Rates** (%, flow, compound)

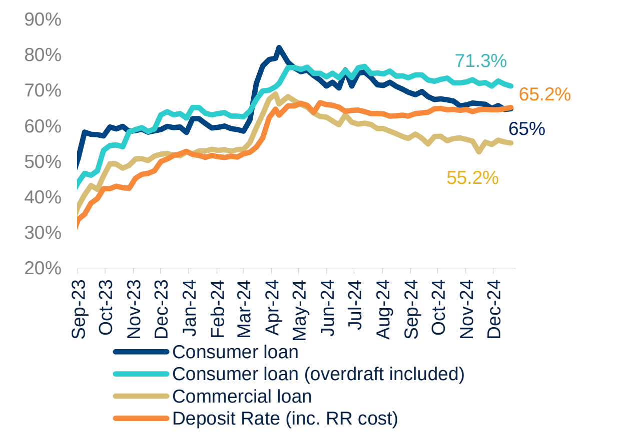


Figure 12. **TL Deposit Interest Rates** (%, flow, compound)

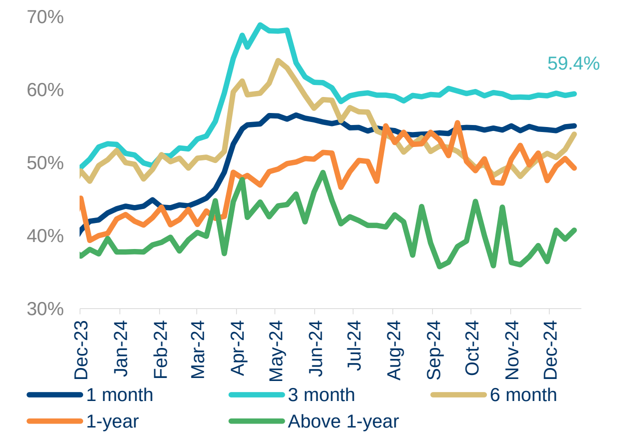


Figure 13. **TL Interest Rate Spread** (4w avg %, flow, including TL RR cost)

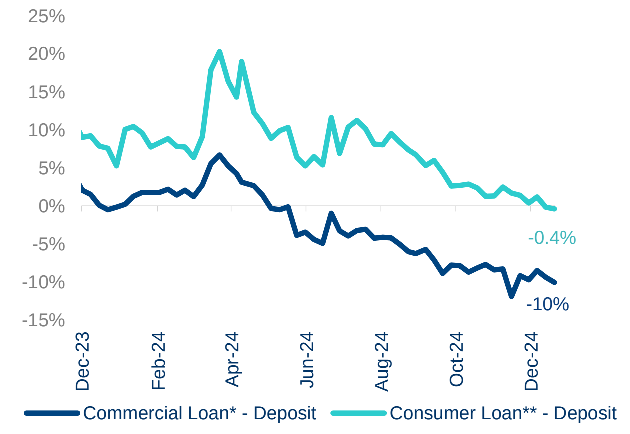
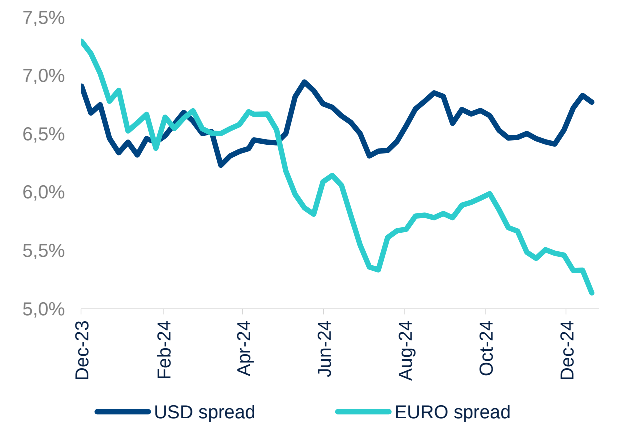


Figure 14. **FC Interest Rate Spread** (4w avg %, flow)



* excludes corporate overdraft account rates and corporate credit card rates. ** excludes other consumer overdraft account rates.
The FX adj. credits are calculated using the revised methodology of the CBRT on the exchange rate adjustment
Source: BRSA, CBRT and Garanti BBVA Research

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