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# **TURKISH FINANCIAL SERVICES INDUSTRY REPORT**

**OCTOBER 2010**



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## 1. Executive Summary

International financial markets were in the midst of crisis in 2008, leading to total financial sector losses estimated at USD 1,700 billion<sup>1</sup>, however conditions stabilized and then improved during 2009 and 2010. In Turkey, there was a sharp liquidity squeeze in the last months of 2008 in parallel with global conditions, however no financial institutions collapsed or needed rescue, and no emergency package was required for the sector. Profitability in the sector remained very strong.

This good financial performance may be partly attributable to the fact that the financial sectors of emerging economies generally (with some possible exceptions in Eastern Europe) appear to have suffered less than the highly developed markets such as the US and UK. However, another factor is that Turkey's banking system went through its own deep crisis in 2001 and emerged from it with strengthened regulation and internal control systems, good capital adequacy and more controlled risk-taking. Turkish economic growth between 2001 and 2008 helped further strengthen banks' balance sheets, leaving them well-placed to face the recent global difficulties.

Emerging markets experienced a faster recovery than developed economies. Turkey's ISE100 index grew by 102.5 percent in USD terms during 2009, the fourth best performance globally after Brazil, Russia and China<sup>1</sup>.

The asset size of the Turkish financial services sector is TRY 1,122.6 billion as of June 2010. The financial services sector in total grew with a CAGR of 19.1 percent between 2004 and 2009; the banking sector achieved a CAGR of 21.6 percent and the insurance sector 27.7 percent.<sup>1</sup>

There are 49 banks in Turkey as of August 2010 comprising 32 commercial banks, 13 development and investment banks and 4 participation banks with a total employment of 188,472 people and 9,800 branches.

In the first half of 2010, total assets of the banking system reached TRY 905.7 billion, which constituted approximately 92 percent of GDP, up from 57 percent in 2002. In the same period, total shareholders' equity increased to TRY 123.2 billion. In line with the increase in equity, the average capital adequacy ratio reached 19.34 percent as of August 2010<sup>2</sup>, which is safely above most European countries and the recommended minimum level of 8 percent under Basel II norms.

The ratio of loans to total assets rose rapidly from 27 percent to 51.2 percent from 2002 to August 2010. Consumer loans and credit card balances gained importance for the first time. In the same period, the ratio of government securities to total assets decreased from 40 percent to 30 percent, suggesting an increasing focus on core banking activities and reduced "crowding out" by government borrowing. The loan to deposit ratio reached 82 percent in August 2010, up from 46 percent in 2002, which is the highest level in the Turkish banking history.

The Banking Regulation and Supervision Authority (BDDK) was established on 23 June 1999 as an independent financial authority. One major role of BDDK is to align Turkish banking regulations with international norms and ensure compliance with international financial reporting standards.

The Turkish insurance market is significantly behind Europe in terms of market size and share in GDP. Per capita premium production almost doubled from USD 64 in 2004 to USD 126 in 2008 and USD 105 in 2009, which still remains lower than other comparable countries.<sup>3</sup> The traditional causes of low premiums per head in Turkey have been low per capita income and high inflation. However, the increasing level of per capita income and reduced inflation should allow substantial growth of the Turkish insurance market and make the industry attractive for new entrants.

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<sup>1</sup> The Banking Regulation and Supervision Agency (BDDK), Financial Markets, June 2010

<sup>2</sup> The Banking Regulation and Supervision Agency (BDDK) website

<sup>3</sup> TSRSB (The Association of the Insurance and Reinsurance Companies of Turkey)



## 2. Sector Overview

### 2.1 Global Sector

Despite continuing nervousness about the growth outlook in many countries, the monetary and fiscal policy initiatives adapted by many governments and central banks over the past two years clearly proved effective results in substantially reducing systemic risk in the international financial system. Economic growth in developed countries, the lessening of the crisis-level risk premiums in financial markets, the stabilization of banks and upturn in stock exchange indices have all been signs of recovery.

Figure 1 – Selected Stock Market Changes

Changes in Some Stock Markets by August 2010							
	In National Currency Terms			In USD Terms			
	2009/2008	06.2010/12.2009	08.2010/12.2009	2009/2008	06.2010/12.2009	08.2010/12.2009	
MSCI-World	31.5%	1.9%	20.3%	31.5%	1.9%	20.3%	
MSCI-Europe	32.9%	3.4%	17.3%	32.9%	3.4%	17.3%	
MSCI-Emerging Markets	74.5%	1.9%	75.3%	74.5%	1.9%	75.3%	
DJI	18.8%	3.1%	17.0%	18.8%	3.1%	17.0%	
Nikkei	19.0%	4.8%	9.6%	16.4%	3.4%	3.6%	
DAX	23.8%	2.7%	14.8%	25.8%	(4.1)%	26.4%	
Bolsa (Mexico)	43.5%	1.9%	56.9%	52.5%	4.6%	43.7%	
Bovespa (Brazil)	82.7%	1.6%	136.2%	144.9%	(2.3)%	78.1%	
Ireland	27.0%	7.5%	9.6%	30.4%	0.2%	19.2%	
RTS (Russia)	128.6%	7.8%	118.1%	128.6%	7.8%	126.3%	
ISE100 (Turkey)	96.6%	9.6%	13.5%	102.5%	8.4%	11.0%	
China Shenzhen	117.1%	(1.7)%	45.9%	117.1%	(1.7)%	45.1%	

Source: Banking Regulation and Supervision Agency

In 2008, various equity markets suffered substantial losses succeeded by a recovery starting in the first months of 2009 which have continued to strengthen until now. Emerging markets experienced a faster recovery than developed economies. Turkey's ISE100 index grew by 102.5 percent in USD during 2009, posting the fourth highest growth performance after Brazil, Russia and China. The pace of the growth slowed during first six months of 2010 but accelerated as of August 2010 with a 11.0 percent increase when compared with the end of 2009.<sup>4</sup>

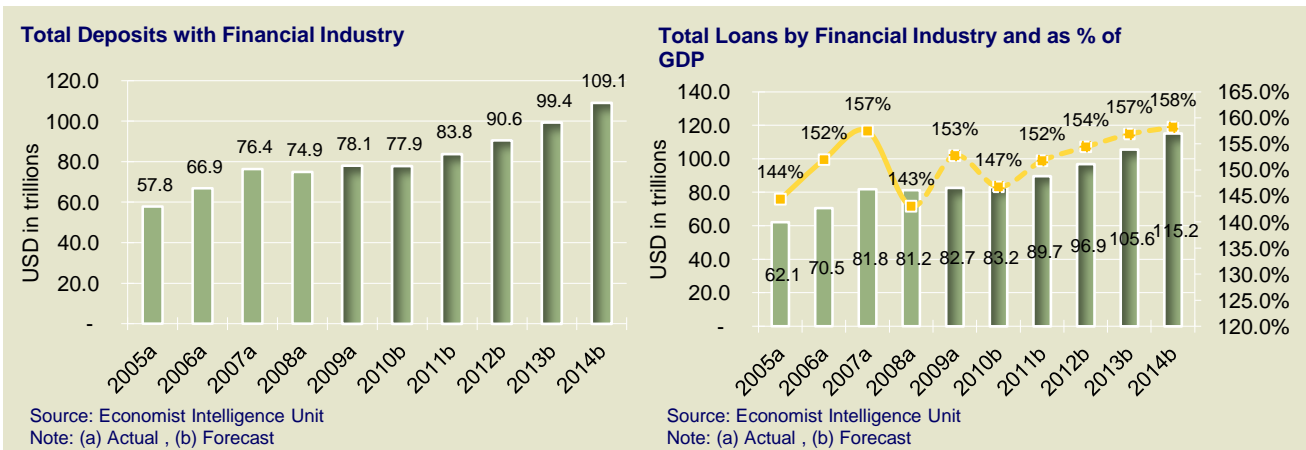
Total lending worldwide peaked at USD 82.7 trillion in 2009. In parallel with the economic recovery in 2010, total loans by the financial sector are expected to rise gradually and reach USD 115.2 trillion in 2014, representing 152 percent of global GDP.<sup>5</sup>

<sup>4</sup> The Banking Regulation and Supervision Agency (BDDK) website

<sup>5</sup> Economist Intelligence Unit, March 2010



Figure 2 - World Financial Services Industry

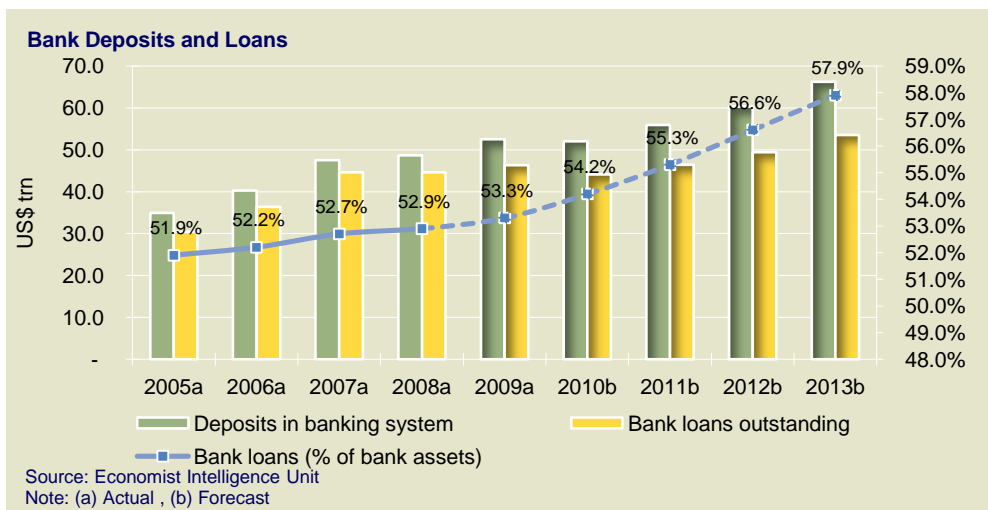


By December 2009, most banks in developed countries had recovered to a stable and profitable position after incurring severe losses totaling more than USD 1,700 billion.<sup>6</sup> In the meantime, emerging markets, apart from a few countries in Central and Eastern Europe, continued to steer clear of the crisis. Although improving share prices of the banks since the second quarter of 2009 signal the expected recovery in their position, they are expected to continue to face many problems. Most serious of these problems in the short term are likely to be increased loan losses, and losses on investments, stemming from the global recession.<sup>6</sup> The IMF forecasts that worldwide bank losses will reach USD 2,300 billion by the end of 2010.<sup>7</sup>

Medium-term expectations are lower profit margins resulting from stricter core capital rules, limits on leverage, tighter policing of mortgage lending, and constrained markets in formerly profitable areas such as over-the-counter (OTC) derivatives.

In the long-run, the financial services industry, in particular banks, might become less significant for the overall economy, and the industry is more likely to lose share in national economic output and employment.<sup>6</sup>

Figure 3 - World Financial Services Industry: Banks



<sup>6</sup> Economist Intelligence Unit, March 2010

<sup>7</sup> IMF, Global Financial Stability Report, October 2009 / April 2010



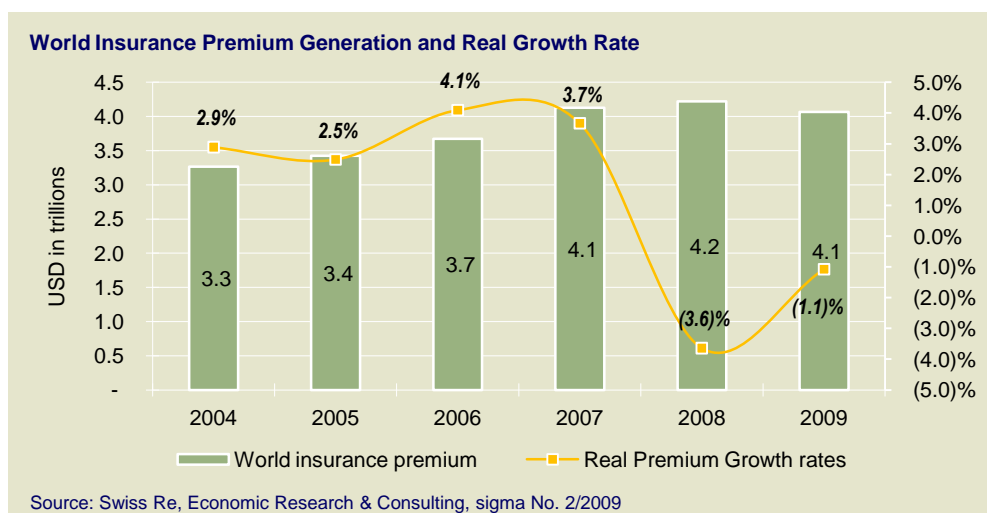
US banks were the institutions most affected by the financial crisis. By early December 2009, write-downs and losses taken by the lenders in the Americas (in particular the USA), Europe and Asia are estimated to have reached USD 666 billion, USD 520 billion and USD 41 billion respectively.<sup>9</sup>

Insurance companies have also suffered the global economic downturn, albeit not as much as the banks. The insurance sector was mainly hit by two major factors during the financial crisis:

- ✓ Fall in stocks and corporate bonds in insurers' investment portfolios,
- ✓ Weakened demand for life and general insurance coverage from businesses and households.

Although corporate bond and stock prices started to recover after March 2009, they have not reached their pre-crisis levels. Global insurance premiums (life and non-life) totalled USD 4,066 billion with a negative real growth rate of 1.1 percent in 2009. When the negative real growth rate of 3.6 percent in 2008 is taken into consideration, this may be seen as a signal of recovery in the market. In 2010, the premium growth rate is forecasted to be positive. Industrialized countries' premium generation, which accounted for 86.9 percent of the total market, dropped by 1.8 percent in real terms in 2009. On the other hand, emerging markets premiums, including Turkey, registered growth and rose by an inflation-adjusted 3.5 percent in the same period.<sup>8</sup>

Figure 4 - World Financial Services Industry: Insurance



Insurance companies emerged from the financial turmoil in better shape than banks. Insurers' losses make up 13.7 percent of the total USD 1,700 billion losses incurred by financial institutions from the beginning of the crisis until December 2009. The US accounted for 82 percent of total insurers' losses, while Europe and Asia have less contribution with 17 percent and 1 percent, respectively. According to IMF estimates, insurers will take losses of USD 218 billion on US assets, USD 75 billion on European assets and USD 8 billion on Asian assets in the period 2007-2010.<sup>9</sup>

<sup>8</sup> Swiss Re, February 2010

<sup>9</sup> Economist Intelligence Unit, March 2010



## 2.2 Domestic Sector

### 2.2.1 Overview

The Turkish financial services sector grew by 7.2 percent in the first half of 2010 compared with 2009 and total assets amounted to TRY 1,122.6 billion. The financial services sector grew in total by a CAGR of 19.1 percent between 2004 and 2009, including the banking sector growing by a CAGR of 21.6 percent and the insurance sector by 27.7 percent. The banking sector has a share of 80.9 percent in the total financial sector.

Figure 5 - Asset Size of the Financial Sector

Asset Size of Financial Sector								
TL Billion	2004	2005	2006	2007	2008	2009	June-10	% Share in 2010
Central Bank of the Republic of Turkey (TCMB)	74.7	90.1	104.4	106.6	113.5	110.0	111.4	9.9%
Banks	313.8	406.9	499.5	581.6	732.5	834.0	908.6	80.9%
Insurance Companies	9.8	14.4	17.4	22.1	26.5	33.3	31.0	2.8%
Financial Leasing Companies	6.7	6.1	10.0	13.7	17.1	14.6	14.2	1.3%
Factoring Companies	4.1	5.3	6.3	7.4	7.8	10.4	12.3	1.1%
Securities Investment Funds	24.4	29.4	22.0	26.4	24.0	29.6	29.8	2.7%
Other Financial Institutions	4.3	7.9	9.2	12.7	14.3	15.3	15.3	1.4%
<b>Total</b>	<b>437.8</b>	<b>560.1</b>	<b>668.8</b>	<b>770.5</b>	<b>935.7</b>	<b>1,047.2</b>	<b>1,122.6</b>	<b>100.0%</b>
<b>Change compared with the previous period (%)</b>		<b>27.9%</b>	<b>19.4%</b>	<b>15.2%</b>	<b>21.4%</b>	<b>11.9%</b>	<b>7.2%</b>	

Source: BDDK, TCMB, HM, SPK, TSPAKB

The ratio of financial assets to GDP was still only 141 percent for Turkey at the end of 2009. This rate is very low when compared with other developed and some developing countries, which signals future growth potential.

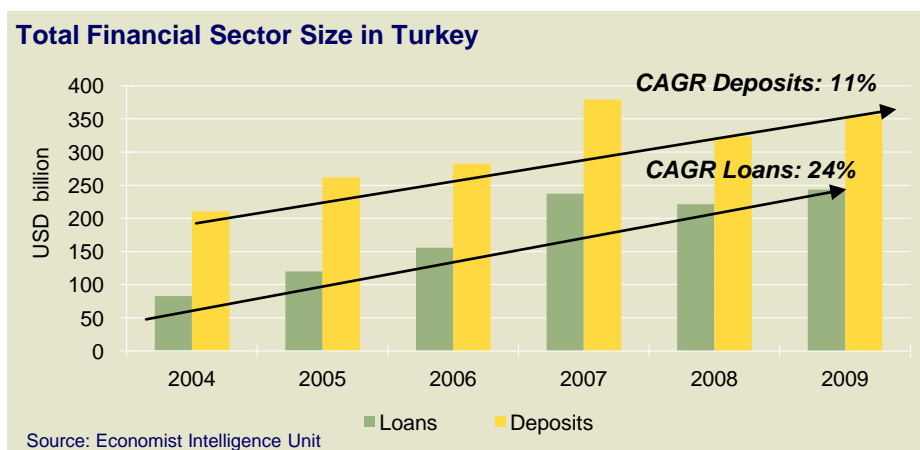
Figure 6 - Financial Assets/GDP

Financial Assets						
(% of GDP)	2004	2005	2006	2007	2008	2009
Turkey	131,3%	132,8%	131,5%	146,4%	128,1%	140,7%
USA	865,8%	890,3%	930,9%	957,3%	867,4%	811,9%
Japan	1184,8%	1128,4%	1162,4%	1178,8%	1252,6%	1163,9%
China	463,3%	454,5%	480,0%	594,8%	485,7%	505,8%
Germany	718,0%	659,3%	745,1%	761,1%	594,7%	601,5%

Source: Economist Intelligence Unit, March 2010

According to the Economist Intelligence Unit, the total loan size grew by a CAGR of 24.1 percent between 2004 and 2009, while the total deposit size grew by a CAGR of 11.0 percent. Total loans amounted to USD 243.7 billion and total deposits amounted to USD 356 billion in 2009. Since loans tend to grow faster, the Turkish financial sector may need further international funding. The main Turkish banks have been frequent users of international syndicated loans.

Figure 7 - Loans and Deposits of Turkish Finance Industry





## 2.2.2 Banking Sector

There are 49 banks operating in Turkey. With the recovery seen in the financial markets, the number of personnel increased slightly by 2.3 percent between the end of 2009 and August 2010. The number of employees working in the banking sector stands at 188,472 as of August 2010. The increase in the number of branches is not as rapid as before: the number of branches grew by 3 percent in 2009, compared with 2008, then by 2.3 percent between August 2010 and 2009.

Figure 8 - Operational Indicators of the Turkish Banking Sector

Operational Indicators of the Turkish Banking Sector						
	2005	2006	2007	2008	2009	Aug-10
Number of Banks	51	50	50	49	49	49
Change compared with the previous period (%)		(2.0)%	0.0%	(2.0)%	0.0%	0.0%
Number of Branches	6,568	7,302	8,122	9,304	9,581	9,800
Change compared with the previous period (%)		11.2%	11.2%	14.6%	3.0%	2.3%
Number of Personnel	138,724	150,966	167,760	182,667	184,216	188,472
Change compared with the previous period (%)		8.8%	11.1%	8.9%	0.8%	2.3%

Source: BDDK, BKM, TBB

The financial weakness of the banking sector before 2001 led to a major financial crisis in 2001. This crisis had several underlying reasons. The Turkish lira exchange rate was pegged in line with an anti-inflation program agreed with the IMF.

This encouraged Turkish banks to increase their short-term external debt (in foreign currencies) and to make excessive purchases of treasury bonds and bills (in Turkish lira) in order to obtain high rates of return. Thus increasingly large short foreign currency positions were built up by some banks and other entities. However, the Turkish lira became increasingly appreciated during 2000 and huge capital outflows occurred when the sustainability of the exchange rate became questionable. Overnight interest rates reached several thousand percent at the worst moments of the crisis, and a sharp devaluation resulted when the pegged exchange rate system was abandoned. The devaluation caused losses to the banks and others, the Treasury was thought to be at risk of default on its debt (though it did not default) and 2001 GDP fell by 7.6 percent which caused increased loan losses. However, the devaluation boosted exports and by 2002 the economy had started to recover, helped by political stability after the November 2002 elections.

Banking regulation and control have greatly improved since the 2001 crisis with the establishment of the Banking Regulation and Supervisory Agency (BDDK). The BDDK aligned Turkish banking regulations with international regulations on the transparency of balance sheets and compliance with international financial reporting standards. In this framework, Turkey started to establish the infrastructural elements of the new Basel Capital Accord (Basel-II) in 2002. A ceiling of 20 percent was set for the net general foreign currency position to equity of the banks – and properly enforced. Minimum capital adequacy requirements of 8 percent were similarly enforced. Banks that were unable to comply with these requirements were taken over by the Savings and Deposit Insurance Fund (TMSF). In addition, the 100 percent state guarantee on deposits, introduced during an earlier crisis in 1994, was lowered to TRY 50,000.



Figure 9 - Banking Sector's Performance

Banking Sector Performance						
(%)	2005	2006	2007	2008	2009	Aug.10
Total Equity/Total Liabilities	15,5%	13,5%	15,0%	13,4%	15,3%	15,7%
Total Equity/Total Assets	13,4%	11,9%	13,0%	11,8%	13,3%	13,6%
Loans/Total Equity	286,0%	367,8%	376,6%	425,7%	354,1%	376,4%
Liquidity Indicator (1)	51,8%	50,3%	47,0%	34,4%	43,0%	40,7%
FX Net General Position/Equity	(0,2)%	0,3%	(0,3)%	0,0%	0,5%	1,8%
NPL/Gross Loans	4,8%	3,8%	3,5%	3,7%	5,3%	4,4%
NPL Provisions/NPL	88,7%	89,7%	86,8%	79,8%	83,6%	84,1%
Consumer Loans /Total Loans	30,4%	31,7%	33,3%	32,1%	33,1%	33,3%
Net Interest Income After Provision/Total Gross Income (2)	30,8%	27,1%	26,7%	24,8%	30,5%	38,9%
Non-Interest Incomes /Non-Interest Expenses	52,0%	78,3%	72,1%	65,5%	68,9%	77,7%

Source: BDDK

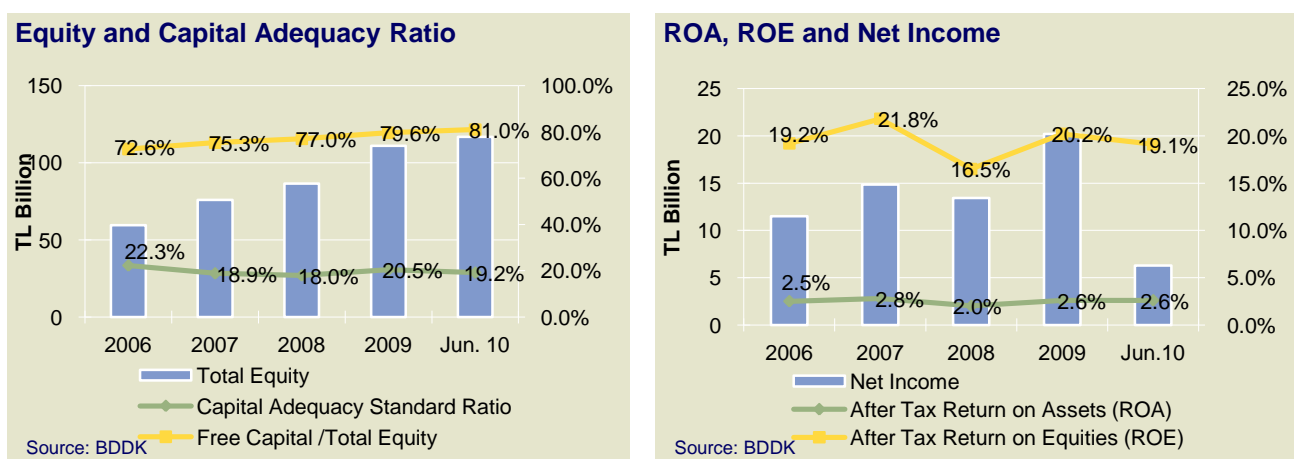
(1) Liquidity Indicator = (Cash Values+ Receivables from Banks (including receivables from Central Bank and Monetary Markets) + Securities Trading Portfolio+ Securities Available for Sale+ Required Reserves)/ (Deposit+ Debts to Banks (including debts to Central Bank and Monetary

(2) Total Gross Income = Interest Income+ Non-Interest Income

Capital adequacy ratios (CAR) remain well above those of banks in many European countries and the recommended minimum level of 8 percent under Basel II norms. Although risk-weighted assets have risen by 14.9 percent in the first half of 2010 compared with 2009, the capital adequacy ratio of the banking sector decreased by 1.3 percent to 19.2 percent in the first half of 2010.<sup>10</sup>

Recognizing the importance of a strong capital structure in the global crisis, BDDK made the distribution of 2008 bank profits subject to permission. Free capital percentage of the sector indicates that during the first six months of 2010, 81 percent of the equity was used in core banking activities. The ROA and ROE, key profitability indicators of the sector, increased in 2009 and remained almost stable during the first six months of 2010. Net income grew by 20.2 percent as of 2009 compared with 2008.

Figure 10 - Capital Adequacy and Profitability



Total asset size of the banking sector reached TRY 905.7 billion as of August 2010. The biggest item within the total assets is loans which constitute 51.2 percent as of August 2010. Although this is higher than in 2009, it can be said that the banks are still conservative in lending due to increased credit risks when compared with the pre-crisis period. The share of loans to total assets was 47.1 percent in 2009. In consequence, there has been a rising demand for government securities.

The share of government securities in total assets increased to 31.5 percent in 2009 and 31 percent in August 2010, from 26.5 percent in 2008, after having fallen for years.

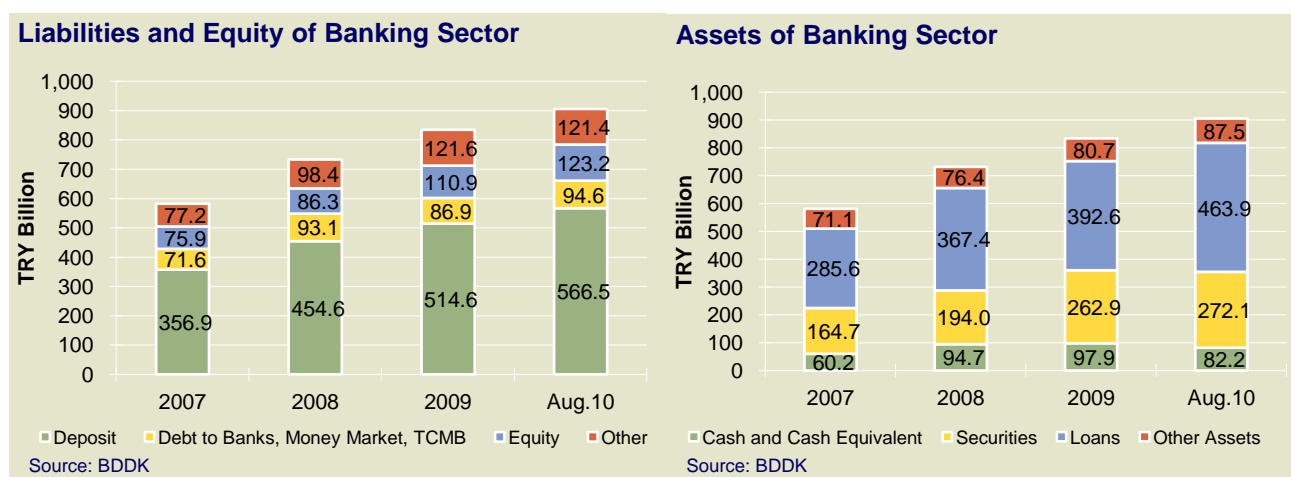
<sup>10</sup> The Banking Regulation and Supervision Agency (BDDK), Financial Markets, June 2010



Liquid assets, which are composed of cash and receivables from banks, TCMB and money market, increased by 57.3 percent in 2008 and amounted to TRY 82.2 billion as of August 2010. CAGR between 2007 and August 2010 is 10.9 percent.

Deposits are the biggest item within total liabilities and equity, constituting 62.5 percent of total liabilities and equity as of August 2010. The two other most important items among the total liabilities are loans obtained from foreign banks and the funds raised through repo transactions. After the financial crisis in 2009, debts to foreign banks decreased since syndication and securitization credit extensions were less accessible. The total of syndication and securitization credits declined from TRY 23.6 billion in 2008 to TRY 18.2 billion in 2009. However, with the recovery seen in the financial markets in 2010, debts to foreign banks slightly increased and reached TRY 19.4 billion. Equity rose to 13.3 percent of total liabilities and equity in 2009 and 13.6 percent in the first 8 months of 2010 from 11.8 percent in 2008, due to the higher profits, increases in paid capital and retention of profits.

Figure 11 – Asset, Liability and Equity Distribution of the Banking Sector



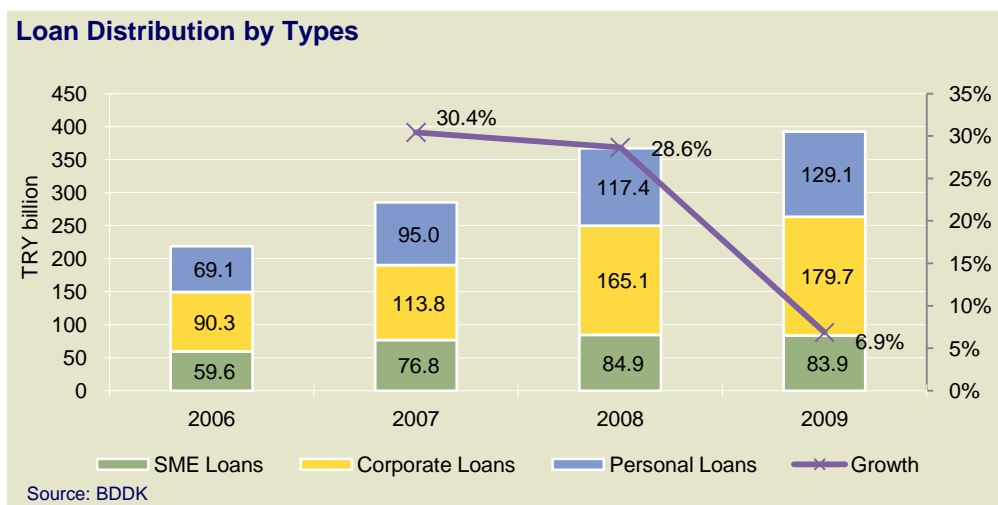
The total loan volume reached TRY 463.9 billion as of August 2010, representing CAGR of 17.6 percent from 2007 to August 2010. SME loans contracted by 1.2 percent in 2009 compared to 2008, due to the tighter credit conditions and lower demand. Also the share of SME loans within total loans shrank from 23.1 percent in 2008 to 21.3 percent in 2009.

SMEs that were still eligible for credit often had lower demand for loans because of slowing customer demand for their products. Other SMEs with lower creditworthiness effectively lost their access to loans because of tighter loan approval criteria by banks. SMEs are considered very important for the country's economic development so their decreased borrowings may represent a negative signal for the macroeconomic outlook. On the other hand, the share of corporate loans within total loans reached 45.7 percent in 2009, from 44.9 percent in 2008.

Personal loans include the total consumer loans and total credit card loans. Personal loans constituted 32.8 percent of total loans in 2009 and increased by 9.8 percent compared to 2008. The increase in personal loan demand is related to the decrease in personal loan interest rates and expectations for recovery in economic conditions. Besides, one-off tax reductions especially on real estate, durable goods and automobile purchases that were granted for a temporary period during 2009 encouraged personal loan demand.



Figure 12 – Loans by Type



The total of housing, automobile, general purpose and other loans constitutes consumer loans. Housing credit has increased following the approval of the Mortgage Law in 2007 that enabled banks to extend mortgage loans to consumers. The decreasing interest rates on housing, especially after August 2009, enhanced demand for housing loans. Housing loans grew by 91 per cent in December 2009 compared to 2006 (but from a far lower base than in many other countries) while automobile loans contracted by 34.8 per cent in the same period. Automobile loans have dropped and not recovered despite the government’s policy to maintain the total volume of automobile purchases through substantial temporary tax incentives. General purpose loans are borrowed for durable and semi-durable consumer goods, education, marriage and health purposes. These loans grew by 142.4 per cent in December 2009, when compared with 2006.<sup>11</sup>

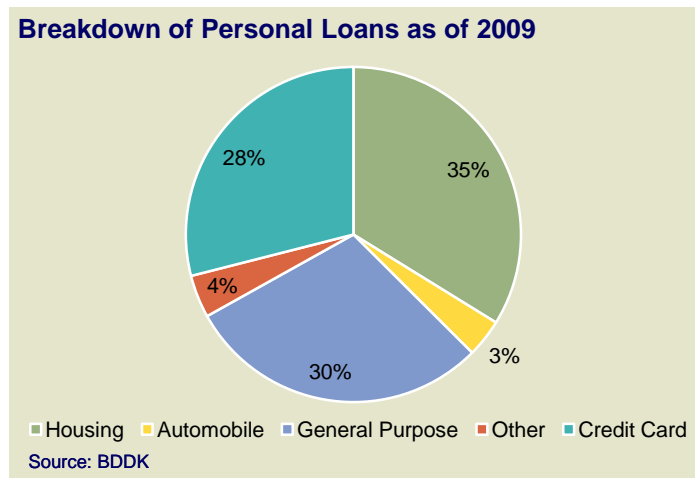
The ratio of NPLs to gross loans had increased from 3.6 per cent in 2008 to 5.3 per cent in 2009 due to the difficult economic conditions affecting loan repayments. In the first quarter of 2010, this ratio declined to 4.9 per cent and has remained approximately stable since then. According to the data of the Interbank Card Center, there were 46 million credit cards and 67.4 million debit cards as of July 2010.<sup>12</sup> Turkey has become the third largest credit card market in Europe, following the UK and Spain in terms of number of cards and tenth in terms of the money spent through credit cards. Credit card loans and non-performing loans have been rising continuously (unemployment has also been rising) which may pose a significant credit risk for the banks. The Central Bank reported a sharp increase in credit-card balances incurring interest charges and defaults on credit-cards.

<sup>11</sup> The Banking Regulation and Supervision Agency (BDDK), Financial Markets, 2010

<sup>12</sup> Interbank Card Center (BKM)



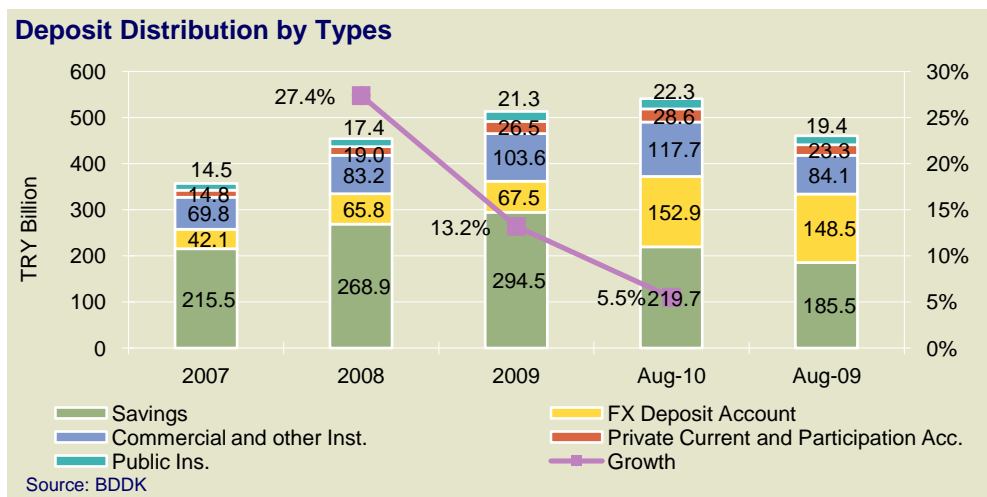
Figure 13 – Breakdown of Personal Loans



Deposits remain the main funding source for the banking industry. The total volume of deposits grew by 5.5 percent in August 2010 compared to 2009 previously and reached TRY 542.9 billion. The major item within the total deposits is saving deposits which have a share of 40.5 percent of total deposits as of August 2010.<sup>11</sup> Public institution deposits have increased by 4.8 percent in August 2010 when compared with 2009. 72 percent of total deposits were denominated in TRY and 28 percent in foreign currencies. There is a long history of depositors wishing to keep deposits in foreign currencies as a hedge against inflation; the ratio of foreign currency deposits was higher in the past when Turkish lira inflation rates were far higher. Customers can freely convert between currencies. The average maturity of deposits is 2.2 months for TRY denominated deposits, 2.7 months for foreign currency denominated deposits.<sup>13</sup>

The IT systems of Turkish banks are mostly very modern, with widely used internet banking facilities.

Figure 14 – Deposits by Type



<sup>13</sup> The Banks Association of Turkey (TBB), The Banking Sector in Turkey, October 2009



### 2.2.3 Insurance Sector

In 2009, the Turkish insurance market accounted for 0.2 percent of the global and 1.5 percent of the emerging markets, which is significantly behind Europe in terms of market size. Per capita premium production edged down from USD 126 in 2008 to USD 105 in 2009.<sup>14</sup>

The major factors in low premiums per head in Turkey have traditionally been low levels of personal income and a highly inflationary economic environment. Thus the increasing level of per capita income and decreased inflation create a high catch-up growth potential for the Turkish insurance market and make it attractive to new entrants.

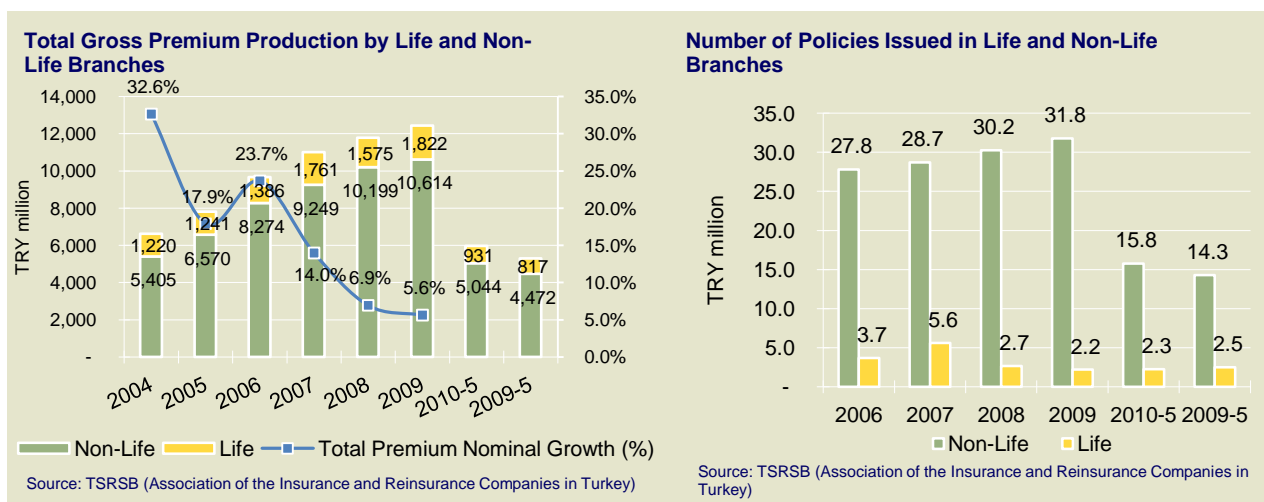
Figure 15 – Turkey’s Global Position in the Insurance Sector

Turkey's Global Position in Insurance Sector, 2009					
Region	Premiums (in USD million)	Real growth 2009	Share of world market (in %)	Premiums in % of GDP	Premiums per capita (in USD)
<b>World</b>	<b>4,066,095</b>	<b>(1.1)%</b>	<b>100.0%</b>	<b>7.0%</b>	<b>\$595</b>
Industrialised countries	3,532,716	(1.8)%	86.9%	8.6%	\$3,405
Emerging markets	533,379	3.5%	13.1%	2.9%	\$92
OECD	3,466,714	(2.0)%	85.3%	8.2%	\$2,808
G7	2,744,580	(2.4)%	67.5%	8.7%	\$3,671
EU, 27 countries	1,481,834	2.2%	36.4%	8.4%	\$2,775
NAFTA	1,255,938	(6.9)%	30.9%	7.6%	\$2,789
ASEAN	44,669	3.2%	1.1%	3.0%	\$83
<b>Turkey</b>	<b>7,853</b>	<b>(0.8)%</b>	<b>0.2%</b>	<b>1.3%</b>	<b>\$105</b>

Source: TSRSB (Association of the Insurance and Reinsurance Companies of Turkey)

Total gross premium generation in Turkey reached TRY 12,436 million in 2009. When looking at January to November premium generation, an estimated negative real growth rate of 0.9 percent can be considered as a recovery indication considering that the first quarter of 2009 had shown negative growth of 7.3 percent in real terms. In parallel with the decrease in insurance demand, insurers applied price cuts and this increased the level of competition in 2009. Price competition mainly in non-life branches, which comprised 85.3 percent of the total premium production in 2009, reduced premium income growth rates in the Turkish insurance industry. However, before the crisis, total insurance premium production in Turkey had grown by a CAGR of 13.4 percent from 2004 to 2009 (Non-life: 14.5 percent and Life: 8.4 percent).<sup>14</sup>

Figure 16 – Total Gross Premium Production and Policies Issued in Turkey



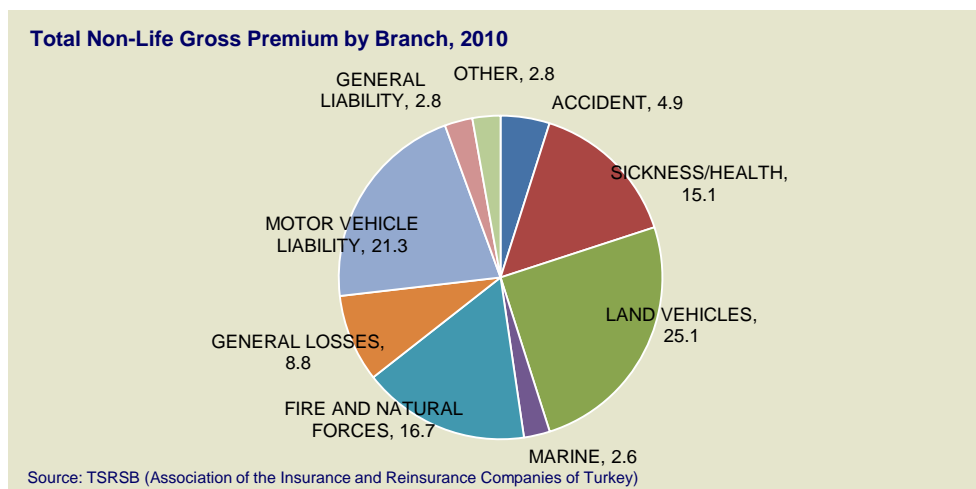
<sup>14</sup> TSRSB (The Association of the Insurance and Reinsurance Companies of Turkey)



The number of policies issued in 2009 increased by 5 percent compared with 2008 mainly due to the life branches. Compulsory traffic insurance accounted for 34 percent of total 21.9 million of policies as of July 2010. Number of policies issued until July 2010 is 9 percent above the total number of policies issued as of July 2009, which signals a recovery with the easing of the financial crisis and expansion in the economy.<sup>15</sup>

The Accident branch which accounts for the largest share of total non-life premiums witnessed double digit growth rates from 2003 to 2007 but downturn trend which had started in the second half of 2008 also continued in 2009 and premiums fell by 4,04 % compared to last year.<sup>15</sup>

Figure 17 – Distribution of Total Non-Life Gross Premium in 2010



Premium generation in the accident branch was somewhat positively affected by the substantial reduction of the Special Consumption Tax on car purchases in March-June 2009 and a more limited reduction in July-September.

The insurance industry, especially the non-life sector, was hit by low technical profitability at the end of 2008 and the first quarter of 2009 mainly due to increased claim payments in line with the global economic downturn and price competition. Life insurance profitability overtook non-life profitability by the end of 2008 and continued to remain above it.

Legal protection and personal accident which contribute to 0.4 percent and 5.1 percent of total non-life insurance premiums, respectively, are the most profitable branches of the sector with technical profit margins of 57.1 percent and 44.1 percent in 2009, respectively.<sup>15</sup>

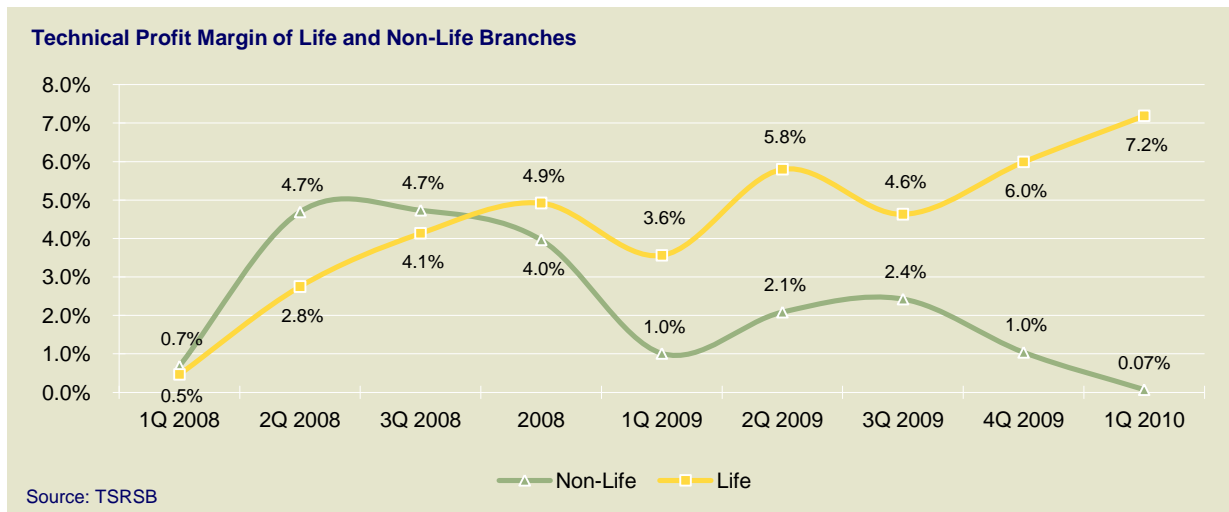
Credit and accident (including compulsory traffic) insurances all showed overall technical losses for 2009. Credit insurance premiums rose with the introduction and development of the mortgage market in Turkey. Most banks require credit insurance from their customers before granting a mortgage loan. However, due to the economic crisis and increased claims credit line profitability decreased from 6.9 percent in 2004 to negative 6.86 percent in 2009.<sup>15</sup>

Increase in claims accompanied with low premiums as a result of cheap pricing have also resulted in higher loss ratios and low technical profits for the two major branches of the industry, accident and traffic.

<sup>15</sup> TSRSB (The Association of the Insurance and Reinsurance Companies of Turkey)

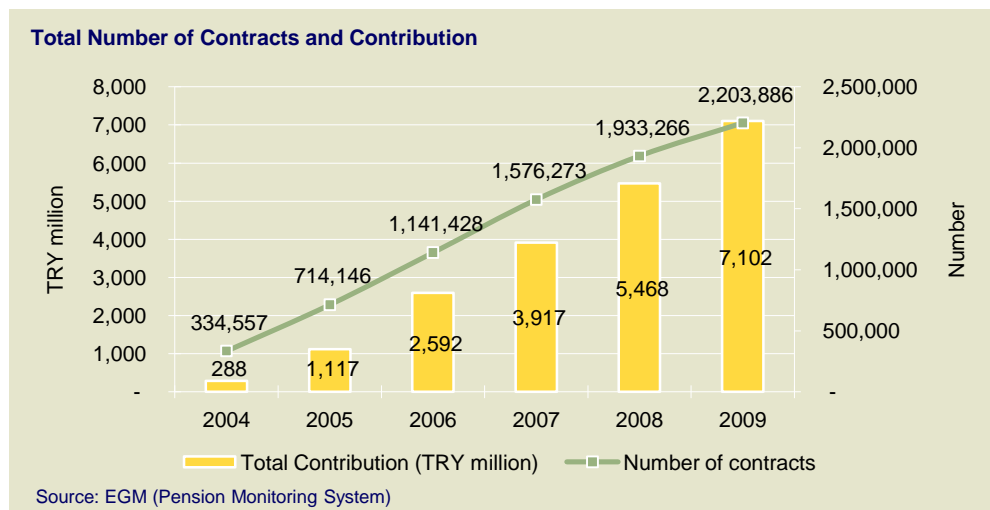


Figure 18 – Technical Profitability of Life and Non-Life Branches



On October 7, 2001 the Law (No. 4632) on Individual Pension Savings and Investment System came into force, which is complementary to the state social security system on the basis of voluntary participation and the defined contribution principle. Following the law and some other legislation that strengthen the legal foundations of the system, the Turkish Individual Pension System was commissioned on October 27, 2003 with the commencement of the operations of six pension companies.

Figure 19 – Total Number of Contracts and Total Contribution of Turkish Individual Pension System



As of December 2009, the total number of contracts written in the individual pension system totaled 2.20 million representing a CAGR of 46 percent since 2004. In the same year, total contributions increased by a CAGR of 90 percent and reached TRY 7,049 million.<sup>16</sup> The rate of growth has been impressive but profitability has been negatively affected by relatively high lapse rates among policies.

At present, the Turkish Individual Pension System is based on voluntary participation. In the future, the system might become compulsory.

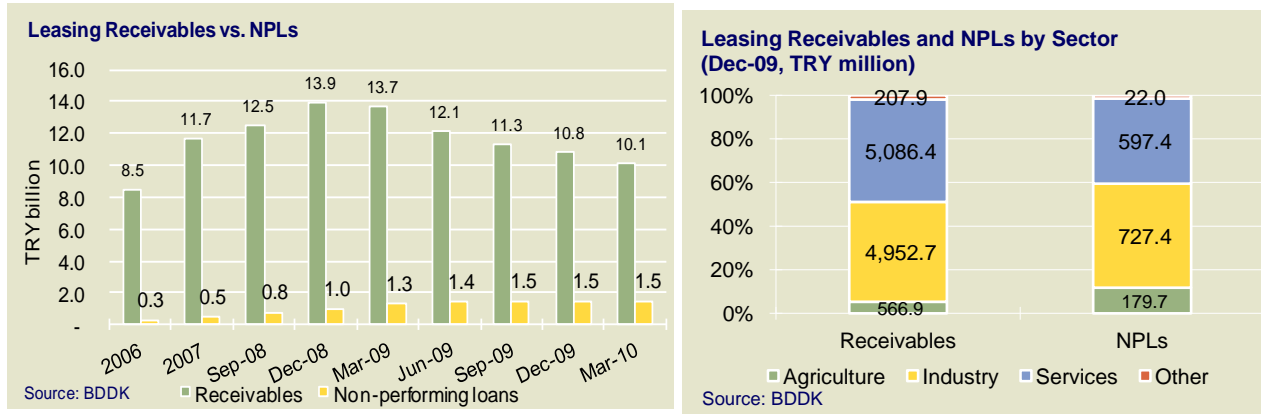
<sup>16</sup> EGM (Pension Monitoring Center)



### 2.2.4 Leasing Sector

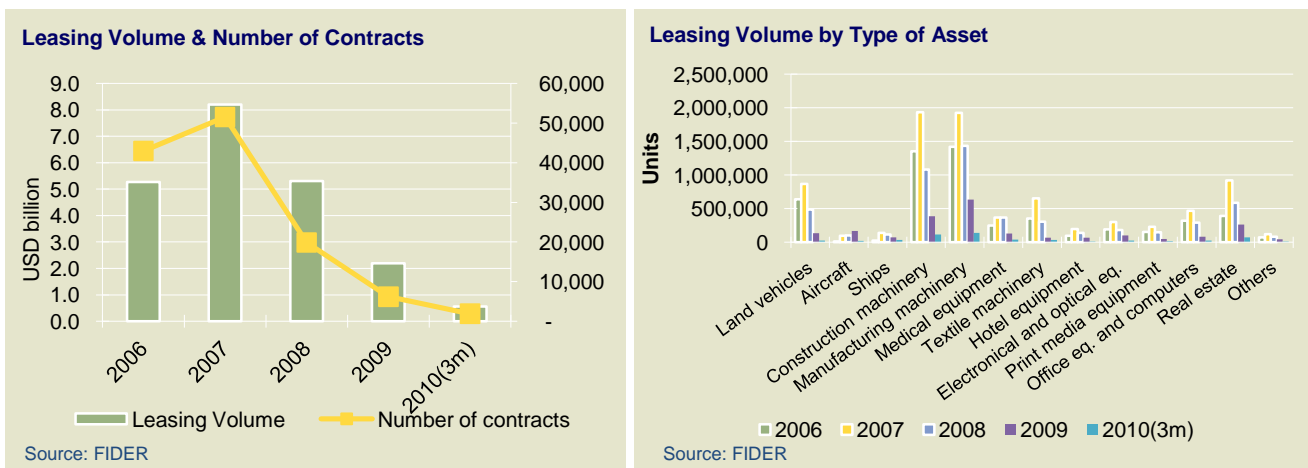
There are 47 leasing companies operating in Turkey with 1,316 employees as of December 2009. After a rapid growth stage between 2006 and 2008, recording a CAGR of 27.9 percent, leasing receivables started to shrink, levelling at TRY 10.1 billion as of March 2010. The amount of NPLs climbed to TRY 1.5 billion, up by 53.5 percent in the same period.<sup>17</sup>

Figure 20 – Leasing Receivables and NPLs



Leasing volume has decreased considerably both in monetary and quantity terms since 2007 mainly due to a sudden decision of the Turkish Ministry of Finance to increase the VAT on leasing transactions from 1 percent to 18 percent at the beginning of 2008. The low level of VAT had been a major driver behind the sector's growth between 1998 and 2007 at a CAGR of 35.4 percent.<sup>18</sup> Such an increase in VAT, combined with the worsened economic conditions observed throughout the globe, put a lot of pressure on the Turkish leasing sector. This negative effect was partly compensated by a decrease in VAT to 8 percent for agricultural machines, as well as some types of construction and production machinery.

Figure 21 – Leasing Volume



<sup>17</sup> Financial Markets Report, BDDK, March 2010

<sup>18</sup> FIDER (Turkish Leasing Association), 2009



The current Leasing Law (No: 3226) governs only financial leasing but there is a new leasing law under development which aims to achieve three main objectives:

- a) Safeguarding the positive aspects already inherent in the existing Law No 3226;
- b) Creating new growth opportunities by introducing operating leasing as the other main pillar of leasing and authorizing sale and leaseback, subleasing and software leasing transactions; and
- c) Establishing legal certainty by introducing clauses to protect lessors' recovery rights.

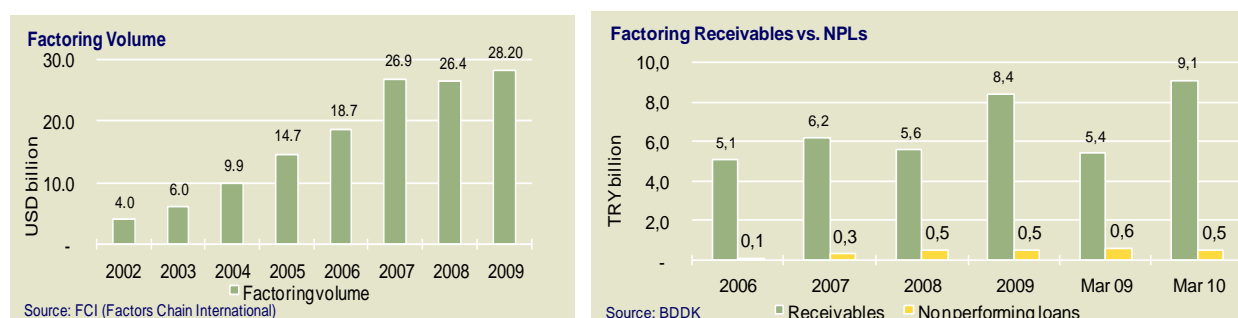
The share of leasing in private sector investments in the first three months of 2010 is around 2.28 percent<sup>19</sup>, which is very low compared with the EU average of 20 percent and the US average of 30 percent. Given this growth potential and the improvements expected with the new law, the outlook for the leasing sector is still positive.

### 2.2.5 Factoring Sector

There are 80 factoring companies operating in Turkey with 3,051 employees as of March 2010.<sup>20</sup> A majority of these companies are subsidiaries of banks.

The sector experienced very fast growth between 2002 and 2009 recording a CAGR of 32.1 percent in factoring volume, reaching USD 28.2 billion. In 2008, due to the worsened economic conditions observed globally, factoring volume contracted by 1.6 percent however recovered by 6.7 percent in 2009.

Figure 22 – Factoring Statistics



Textiles, construction and automotive, the top three industries, account for approximately 24 per cent of the total factoring volume.<sup>21</sup> The textiles and automotive industries are among Turkey's leading exporters, which underlines the importance of factoring in exports. The promising outlook for Turkish exports should prove an important driver for Turkish factoring companies. In addition to exports, the following trends are expected to shape the outlook of the sector:

- The new law: A new factoring law is under development (same as the leasing law). This law will better define the legal framework and is expected to improve the functioning of the sector.
- Consolidation: During the last decade, in line with decreasing inflation, the margins of factoring companies were squeezed, leading to consolidation in the sector through mergers and acquisitions. This trend is expected to continue with an increasing FDI inflow.

<sup>19</sup> FIDER (Turkish Leasing Association), 2009

<sup>20</sup> Financial Markets Report, BDDK, March 2010

<sup>21</sup> Non- Banking Financial Institutions Bulletin, BDDK, June 2010



## 2.2.6 Main Players

Of the 49 banks that operate in Turkey, 17 are deposit-taking banks with more than 50 percent foreign ownership, 13 are development and investment banks, 11 are Turkish-owned deposit-taking banks, 4 are participation (Islamic) banks, 3 are Turkish state-owned deposit-taking banks and 1 “bad bank” is under the management of the TMSF resolving the remnants of the 2001 crisis. The private banks are often subsidiaries of major conglomerates in Turkey. Turkey’s largest bank according to asset size is Ziraat Bank which is state-owned. Its main competitors are Is Bank, Garanti Bank, Akbank and Yapi Kredi Bank.

Figure 23 – Major Banks in Turkey

Major Banks According to Asset Size (June 2010)							
#	Banks TL million	Shareholders	Total Assets	Loans	Deposits	Equity	CAR (2010)
1	Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	Undersecretariat of Treasury of the Turkish Republic	132.869	42.961	106.712	11.163	20,5%
2	Türkiye İş Bankası A.Ş.	İş Bank Pension Fund Free Float Others	123.953	57.019	80.403	14.315	17,4%
3	Türkiye Garanti Bankası A.Ş.	Doğuş Holding GE Others	108.136	55.998	67.650	14.803	20,1%
4	Akbank A.Ş.	Sabancı Holding Free Float Citibank	105.532	47.161	65.528	15.289	20,5%
5	Yapı ve Kredi Bankası A.Ş.	Koç Financial Services Other	75.017	46.025	46.523	9.372	16,1%
6	Türkiye Vakıflar Bankası A.O.	General Directorate of Foundations Free Flot Others	71.270	39.497	49.440	7.777	14,4%
7	Türkiye Halk Bankası A.Ş.	Privatization Authority Free Float	68.080	38.258	51.241	6.432	15,1%
8	Finans Bank A.Ş.	National Bank of Greece NBG Finance Others	32.004	20.947	20.383	3.960	16,7%
9	Denizbank A.Ş.	Dexia SA Free Float	23.519	16.108	13.266	2.880	17,4%
10	ING Bank A.Ş.	ING Bank N.V.	16.474	11.833	9.438	2.032	14,7%
11	Türk Ekonomi Bankası A.Ş.	BNP Paribas TEB Mali Yatırımlar A.Ş Others	15.964	10.473	9.755	1.735	15,4%
12	HSBC Bank A.Ş.	HSBC Bank Plc.	15.021	9.079	9.484	2.561	16,4%
13	Fortis Bank A.Ş.	Fortis Bank SA/NV Free Float	12.429	8.456	6.053	1.966	16,2%
14	Şekerbank A.Ş.	Şekerbank Pension Fund BTA Securities Free Float	10.492	6.316	6.891	1.298	14,4%
15	İller Bankası	Development and Investment Bank	8.813	6.225	-	6.686	70,0%

Source: TBB  
Note: The numbers are not consolidated



The top 15 insurance companies hold a market share of 75.2 percent based on premiums written. Several leading Turkish insurance companies are subsidiaries of banks. There are 43 foreign insurance companies in the sector as of December, 2009 holding 55% of the total capital and contributing 53% of the total premium production.<sup>22</sup>

Figure 24 – Major Insurance Companies in Turkey

Major Insurance Companies According to Premiums Written						
TRY million				Total Premiums Written		
#	Name	Parent Company	Branch	May-09	May-10	Market Share
1	Axa	AXA SA	Non-life	523.6	611.9	10.2%
2	Anadolu	Türkiye İş Bankası A.Ş.	Non-life	521.8	590.6	9.9%
3	Allianz	Allianz SE	Non-life	421.6	466.8	7.8%
4	Ak Sigorta	Akbank A.Ş.	Non-life	378.2	389.7	6.5%
5	Güneş	Türkiye Vakıflar Bankası A.O.	Non-life	280.6	315.1	5.3%
6	Yapı Kredi	Yapı ve Kredi Bankası A.Ş.	Non-life	234.1	309.6	5.2%
7	Başak Groupama	Groupama SA	Non-life	321.4	306.2	5.1%
8	Ergo Isvicre	Ergo AG	Non-life	302.6	275.6	4.6%
9	Ziraat Hayat ve Emeklilik	Ziraat Bankası	Life	-	270.2	4.5%
10	Eureko	Eureko BV	Non-life	223.4	256.9	4.3%
11	Mapfre Genel Sigorta	Mapfre SA	Non-life	154.8	177.3	3.0%
12	Anadolu Hayat Emeklilik	Türkiye İş Bankası A.Ş.	Life	175.7	152.0	2.5%
13	Fiba	Fiba Holding A.Ş.	Non-life	123.7	134.3	2.2%
14	Aviva	Aviva PLC	Non-life	112.1	123.6	2.1%
15	Ray	TBIH Financial Services Group	Non-life	99.0	112.6	1.9%

Source: Association of the Insurance and Reinsurance Companies of Turkey (TSRSB)

<sup>22</sup> Undersecretariat of Treasury Insurance Supervision Board, Insurance and Pension Annual Report 2009



## 2.3 Past M&A Activity

On the following page is a list of major M&A transactions by foreign investors in the Turkish finance industry over the last five years.

Figure 25 – Selected M&A Transactions in Turkish Financial Industry (2005 – 2009)

Selected M&A Transactions						
#	Acquirer	Origin	Target Company	Date	Stake	Deal Value (USD million)
1	BNP Paribas Assurance SA	France	Fortis Emeklilik ve Hayat	26-Jul-10	N/A	N/A
2	Sompo Japan Insurance Inc	Japan	Fiba Sigorta AS	15-Jun-10	N/A	312
3	Credit Europe Bank N.V	Netherlands	Millenium Bank AS	10-Feb-10	95.0%	85
4	Erste Group Bank AG	Austria	Lehman Brothers Menkul Degerler	30-Oct-09	N/A	N/A
5	IS Yatirim Menkul Degerler A.S	Turkey	Nurul Menkul Değerler AS	09-Feb-09	N/A	N/A
6	ODL Securities	UK	GFC General Finans Menkul Degerler	05-Feb-09	50.0%	N/A
7	National Bank of Greece	Greece	Finansbank	24-Sep-08	9.7%	697
8	Credit Suisse Investments	Netherlands	Lider Faktoring	06-Aug-08	49.0%	74
9	ING Group	Netherlands	Oyak Emeklilik	17-Jun-08	N/A	171
10	Groupama SA	France	Guven Insurance Company	14-Jun-08	N/A	278
11	Allianz SE	Germany	Koc Allianz Hayat ve Emeklilik	21-Apr-08	49.0%	199
12	Allianz SE	Germany	Allianz Turkey	21-Apr-08	43.4%	363
13	Aegon NV	Netherlands	Ankara Emeklilik	26-Feb-08	N/A	N/A
14	AXA SA	French	AXA Sigorta	06-Feb-08	50.0%	525
15	Zurich Financial Services Group	Switzerland	Zurich Sigorta	24-Jan-08	N/A	N/A
16	Global Investment House	Kuwait	FFK Fon Finansal Kiralama	19-Dec-07	60.0%	418
17	Abraaj Capital Holdings	UAE	Acibadem Saglik ve Hayat Sigortası	16-Nov-07	49.9%	N/A
18	Citigroup	USA	Opus Menkul Degerler	12-Sep-07	N/A	N/A
19	Bancroft II	UK	Eko Finans Factoring	31-Jul-07	N/A	22
20	National Bank of Kuwait	Kuwait	Turkish Bank	31-Jul-07	40.0%	160
21	The National Commercial Bank	Saudi Arabia	Türkiye Finans Katılım Bankası	17-Jul-07	60.0%	1080
22	Deutsche Bank	Germany	Türkiye Garanti Bankası	05-Jul-07	N/A	115
23	ING Group	Netherlands	ING Bank Türkiye	19-Jun-07	N/A	2,673
24	Credit Suisse Group	Switzerland	Baran Menkul Kıymetler	10-May-07	N/A	N/A
25	Mapfre SA	Spain	Genel Sigorta	24-Mar-07	80.0%	379
26	Eureko BV	Netherlands	Garanti Emeklilik ve Hayat	21-Mar-07	15.0%	134
27	TBIH Financial Services Group	Netherlands	Ray Sigorta	20-Mar-07	58.2%	81
28	Standard Bank Group Limited	South Africa	Standard Unlu Menkul Degerler	01-Mar-07	67.0%	N/A
29	Alpha Bank SA	Greece	Alternatif Yatirim- Alternatif bank- Alternatif Lease	23-Nov-06	50.0%- 47.0%-47.5%	249
30	Dogus Holding AS; GE Real Estate	USA - Turkey	Garanti Securities	31-Oct-06	51.0%	50
31	Citigroup	USA	Akbank	17-Oct-06	20.0%	3,078
32	Unicorn Investment Bank	Bahrain	Inter Yatirim Menkul Degerler	28-Sep-06	75.0%	6
33	Arab Bank Group; BankMed	Jordan-Lebanon	Turkland Bank	06-Sep-06	91.0%	160
34	Merrill Lynch	USA	Tatbank	31-Aug-06	75.0%	6
35	ERGO Versicherungsgruppe AG	Germany	Ergo - Isvicre Sigorta	25-Jul-06	N/A	268
36	The International Investment Bank of Kuwait	Kuwait	Adabank	04-Jul-06	N/A	28
37	JSC TuranAlem Securities	Kazakhstan	Sekerbank	23-Jun-06	34.0%	256
38	Liberty Mutual Group	USA	Seker Sigorta	21-Jun-06	51.0%	60
39	HDI-Gerling International Holding	Germany	HDI Sigorta	07-Jun-06	N/A	21
40	Dexia Group	France-Belgium	Denizbank	31-May-06	N/A	3,253
41	EFG Eurobank	Greece	Tekfenbank	08-May-06	70.0%	182
42	National Bank of Greece	Greece	Finansbank	03-Apr-06	N/A	5,045
43	Groupama SA	France	Basak Emeklilik-Başak Sigorta	02-Feb-06	41.0%-56.7%	268
44	Bank Hapoalim BM	Israel	BankPozitif	14-Dec-05	57.8%	100
45	GE Money	USA	Türkiye Garanti Bankası	25-Aug-05	70.0%	4,528
46	Rabobank NV	Netherlands	Sekerbank	08-Jul-05	37.0%	90
47	Deutsche Bank	Germany	Bender Menkul Degerler	13-Apr-05	60.0%	N/A
48	Fortis Holding	Netherlands-Belgium	Fortis Bank	12-Apr-05	89.0%	1136
49	EFG Eurobank	Greece	HC Istanbul Holding A.S.	28-Mar-05	N/A	25

Source: Merger Market



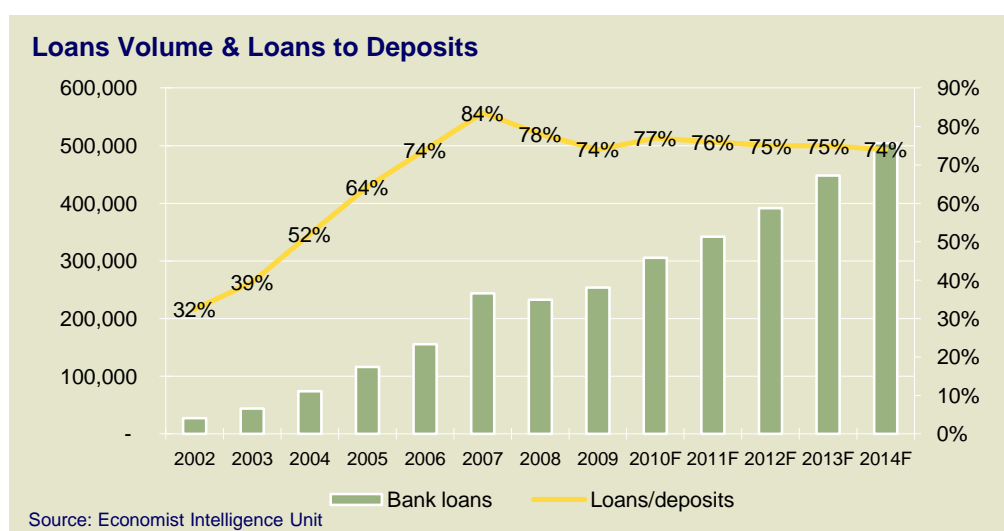
## 2.4 Sector Outlook

Although the financial sector was affected by the global economic conditions and the contraction of the Turkish economy in 2009, Turkish banks have been less affected by the current recession than many European banks as a result of the sound banking system that strengthened and improved after the 2001 crisis. In the second half of 2009 and in 2010 to date, the financial sector has resumed its growth.<sup>23</sup>

Executives of four major banks in Turkey, Garanti Bank, Is Bank, Yapi Kredi Bank and TEB, expect the Turkish economy to be the fastest growing economy in the world after South Korea in 2010.<sup>24</sup>

According to EIU, loan amount is estimated to achieve a CAGR of 18 percent between 2009 and 2014 since CAGR of total deposits is expected to be 16 percent in the same period, loans/deposits ratio remains stable through those years at a general level of 75 percent.

Figure 26 – Total Lending Projection of Turkish Corporate Banks (2010-2014)



Demand for lending is expected to continue increasing due to a recovery in GDP growth, declining interest rates and inflation. The Central Bank of the Republic of Turkey is expected to achieve its official inflation target and to leave interest rates low for the coming three years, according to a recent announcement by its governor.<sup>23</sup> These assumptions lead to an expected CAGR of 18 percent between 2009-2014. The expected increase in housing credits is expected to be an important factor for future growth as a result of the mortgage law which facilitates longer maturities and tax advantages.

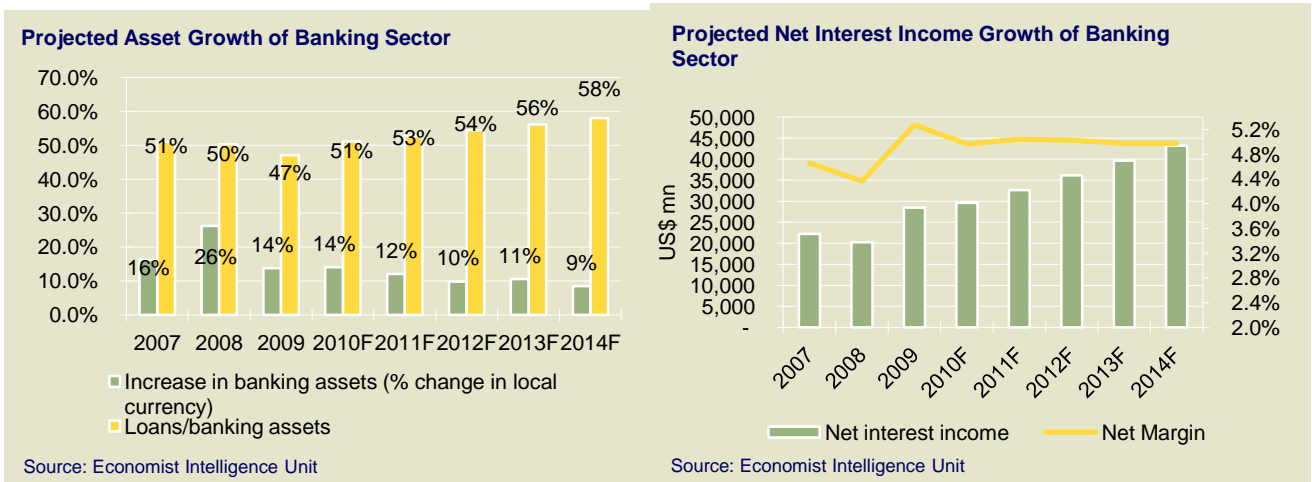
The banking sector has started to focus more on core banking activities such as lending. The weight of loans has increased significantly after 2007 and is expected to reach 58 percent in 2014 as a result of the expected increase in demand.

<sup>23</sup> Economist Intelligence Unit

<sup>24</sup> CNBC-E Turkish Banking Sector 2010 Outlook of the Bankers

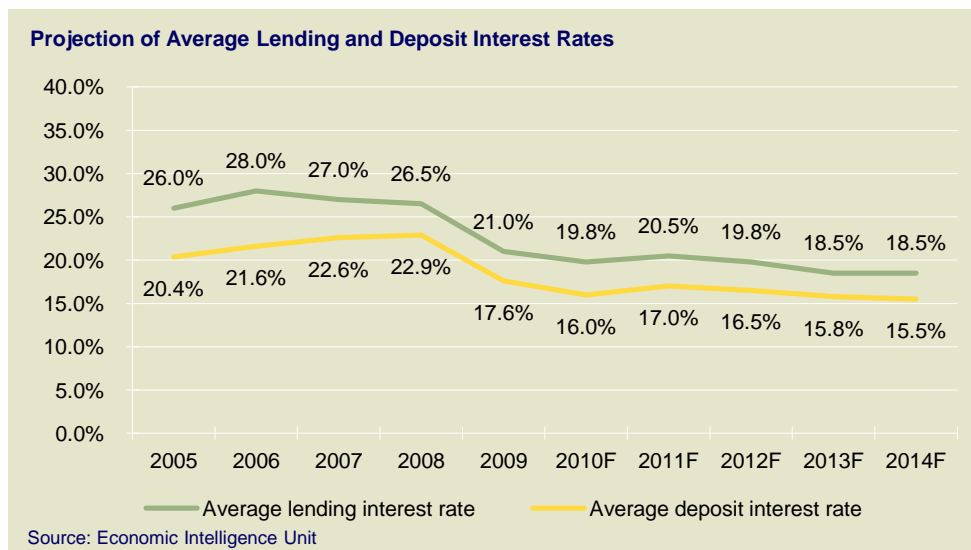


Figure 27 – Total Assets and Net Interest Income Projections (2009-2014)



Net interest income of the Turkish banking sector is expected to exceed USD 40 billion in 2014; however margins on loans and deposits are expected to remain relatively stable as a result of the expected reduction in the interest rates, as presented below.

Figure 28 – Projection of Interest Rates (2009-2014)



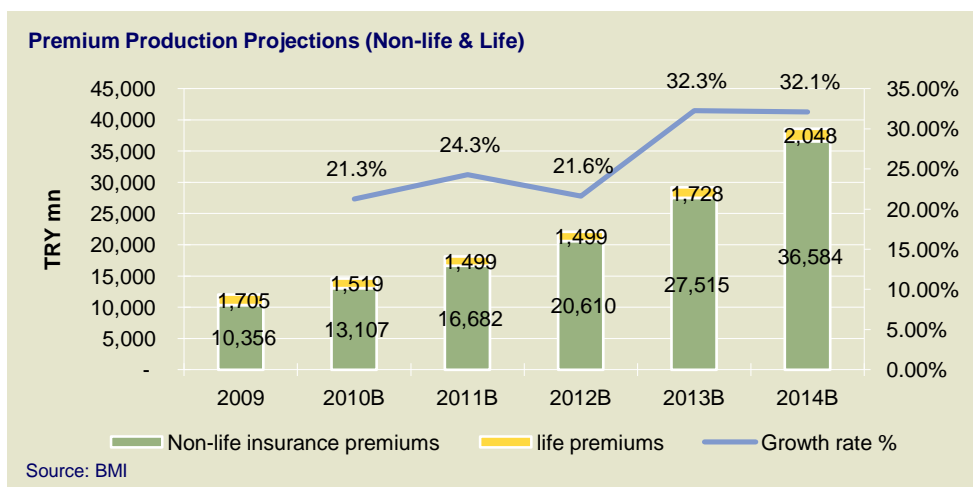
During the last five years there has been a major FDI inflow into the Turkish finance industry, largely in banks but also into insurance. This inflow is expected to continue in other fields of the industry, such as leasing, factoring, asset management, etc. In addition, privatization of the three state banks Vakifbank, Halkbank and Ziraat Bank is on the agenda. In the current fragile economic environment, investor appetite may not be sufficient and therefore privatization of these large scale state-owned banks may not be feasible in the short-run, but is expected in the medium or long-term.

Non-life insurance sector projections are based on GDP and penetration. Non-life insurance premiums are expected to reach TRY 36,584 million by 2014. Life premium projections are based on population and density (insurance premiums per capita). Life premiums are expected to remain steady between 2009 and 2014.<sup>25</sup>

<sup>25</sup> Business Monitor International (BMI), Turkey Insurance Report, December 2009



Figure 29 – Non-life & Life Insurance Growth Projections (2009-2014)



## 2.5 SWOT Analysis

### Strengths

- Nationwide branch network and distribution channels
- Strong capital adequacy of Turkish banks
- Strong liquidity in banks
- Availability of a large and well-trained workforce
- Robust regulatory framework

### Weaknesses

- Turkey's dependence on short-term capital inflows prevents aggressive reduction in interest rates
- Low GDP per capita held back the growth of insurance

### Opportunities

- Introduction of mortgage loans and derivative instruments
- Increasing loan-to-deposit ratio
- Privatization of three large state banks
- Low penetration ratio in the insurance sector

### Threats

- Increasing NPLs, particularly in consumer loans and credit cards
- Short-term deposit base
- Access to syndication and securitization credits from international institutions became more difficult
- Dubai international financial market becoming a competitor
- Leasing: VAT increase from 1 percent to 18 percent on leasing transactions



## 2.6 Sector Establishments and Institutions

Sector Establishments and Institutions			
Name	Code	Description	Website
Banking Regulation and Supervision Agency	BDDK	The fundamental goal of the Agency is to ensure the confidence and stability in financial markets, to provide effective operating of loan system and to safeguard the rights and interests of depositors.	<a href="http://www.bddk.org.tr">http://www.bddk.org.tr</a>
Savings Deposit Insurance Fund	TMSF	The fund is financed by a levy on banks and managed by the BDDK and functions primarily to fund a guarantee on bank deposits. However, it is also used to seize control of troubled banks and to finance their rehabilitation or liquidation.	<a href="http://www.tmsf.org.tr">http://www.tmsf.org.tr</a>
Banks Association of Turkey	TBB	All deposit banks, development and investment banks operating in Turkey are obliged to become members of this Association, to comply with the provisions of this Statute, and to implement the decisions taken by the authorized bodies of the Association.	<a href="http://www.tbb.org.tr">http://www.tbb.org.tr</a>
Central Bank of the Republic of Turkey	TCMB	The Central Bank is responsible for monitoring banks' compliance with reserve requirements, carrying out open-market operations in pursuit of official monetary policy and supervising the interbank markets in Turkish lira and foreign exchange.	<a href="http://www.tcmb.gov.tr">http://www.tcmb.gov.tr</a>
Capital Markets Board of Turkey	SPK	The Capital Markets Board plays a major regulatory role and is the main institution charged with supervising the primary and secondary capital markets by enforcing reporting requirements.	<a href="http://www.spk.gov.tr">http://www.spk.gov.tr</a>
Association of Insurance and Reinsurance Companies	TSRSB	The Association of the Insurance and Reinsurance Companies is a specialist institution with the characteristics of a unique non-governmental institution established by law. All insurance and reinsurance companies operating in Turkey are members.	<a href="http://www.tsrsb.org.tr">http://www.tsrsb.org.tr</a>
Turkish Factoring Association		The association aims to support the factoring development in Turkey and the preparation of the related legal framework. Also it targets to standardize the factoring applications and to ensure that all members comply with these applications.	<a href="http://www.faktoringdernegi.org.tr">http://www.faktoringdernegi.org.tr</a>
Turkish Financial Leasing Association	FIDER	The association's key task is to carry out institutional activities with a view of providing information and assistance to its members and contributing towards the solution of issues related to leasing at different supervisory authorities.	<a href="http://www.fider.org.tr">http://www.fider.org.tr</a>



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**ABBREVIATIONS**

BMI	Business Monitor International
CAR	Capital Adequacy Ratio
CAGR	Compound Annual Growth Rate
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
G7	France, Germany, Italy, Japan, United Kingdom, United States and Canada
GDP	Gross Domestic Product
HM	Undersecretariat of Treasury
IMF	International Monetary Fund
ISPAT	Republic of Turkey Prime Ministry Investment Support and Promotion Agency
NAFTA	North American Free Trade Agreement
NPL	Non-Performing Loan
OECD	Organization for Economic Co-Operation and Development
TRY	Turkish Lira
UK	United Kingdom
USA	United States of America
USD	US Dollars

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