EMEA Morning Briefing

7 June 2012

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THIS MORNING'S RESEARCH

Turkish banks data monitor

The Turkish banking sector generated net income of TL6.0bn in 1Q12, up 14% QoQ and 9% YoY, resulting in 14.1% cumulative ROE.

COMPANY COMMENTS

Austrian banks: Moody's ratings action reaches Austrian banks
Bank of Georgia: Set to be included in the FTSE 250
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Austrian banks: Moody's ratings action reaches Austrian banks

News

Moody's has announced a downgrade of both the debt and deposit ratings of the three main Austrian banks: Erste Bank, Raiffeisen Bank International (RBI) and Bank Austria.

Comment

The downgrades are not a surprise given the announcement on 15 February of a ratings review of banks across 16 European countries, (driven by previous sovereign ratings actions) and the subsequent downgrading of Italian and Spanish institutions.

The senior debt and deposit ratings of RBI has been cut by one notch, while those of Erste have been cut by two. The senior debt rating of RBI of A2 now stands above that of Erste of A3.

The main reasons given for the downgrade are 'recent significant asset quality deterioration and the sizeable exposure to Hungary and Romania', along with capital buffers being viewed as 'limited' in a stressed scenario.

We note the recent increases in NPL ratios at both Erste and Raiffeisen, however both banks have undertaken actions to address coverage ratios in the problem countries of Hungary and Romania, meaning the overall group coverage ratio has remained virtually flat over the previous four quarters at the level of 62% and 67% at 1Q12, respectively.

Although accounting for a significant proportion of group risk costs over the last few quarters, Hungary (FX loan plan) and Romania (deteriorating asset quality) constitute 5% and 8%, respectively, of Erste's total asset base, while making up just 5% and 4%, respectively, of RBI's total asset base.

The capital position is found to be vulnerable to a stressed scenario, which is not surprising given the relatively low core tier 1 ratios of Austrian banks and the sizeable chunk of core tier 1 capital accounted for by 'Participation Capital' (Erste 15%, RBI 28%), which does not meet the criteria of common equity under BIS Basel 3. Indeed if this capital were to be excluded the reported 1Q12 core tier 1 ratio of Erste would fall from 10.2% to 8.6%, while that of RBI would fall from 10.2% to 7.3%.

However, some mitigating factors are noted. Relatively stable domestic operations, consistent pre-provision profits and a negligible exposure to the sovereign debt of peripheral European countries are all listed as positives.

Both Erste and RBI have been active this year in raising long-term financing and both have improved their liquidity buffers, leading us to expect a moderate effect from any possible increase in funding costs as a result of these ratings actions.

Erste Bank Price: €14.245. Last published target price: €24.0; recommendation: BUY

Raiffeisen Bank International Price: €23.035. Last published target price: €29.3; recommendation: BUY

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Bank of Georgia: Set to be included in the FTSE 250

News

Following its latest review, it has been announced that Bank of Georgia will be included in the FTSE 250 index, with the revisions in index constituents to take effect from the beginning of trading on 18 June.

Comment

We estimate that roughly US$95bn in passive funds tracks the FTSE All Share index (which aggregates the FTSE Small Cap, FTSE 250 and FTSE 100 indices). Based on an estimated weighting of 0.02% in the All Share Index, we estimate inclusion in this index could lead to US$19m of inflows into the stock, which would represent c.20 times the average daily trading volume over the past three months. FTSE 250 inclusion would also command an incremental (likely less) amount, although with inflows possibly from more active funds.

FTSE 250 inclusion represents a further positive catalyst, in our view. This follows the optimistic trading update issued by management last week after the positive trading conditions post the 1Q12 financials publication.

Price: GBP10.45. Last published target price: GBP12.80; recommendation: BUY

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Etalon: Receives planning permit for big project – on track for 2014 deliveries

News

Etalon announced that it has obtained the planning permit for the Tsar Capital project in St Petersburg. Tsar Capital will consist of 15 residential buildings of up to 11 storeys, containing c.3,800 flats with total NSA of 459,000m^2 (Etalon's share is 358,000m^2).

Comment

We believe that that news is positive for sentiment as the receipt of the planning permit will allow the company to fast track the construction permit, and thus gives better visibility on the company's completions in two years.

With the existing land bank and newly acquired land plots the company plans to launch construction and sales in eight new projects with total NSA of 1.5mm^2, of which 830,000m^2 is to be delivered in 2014 (+160% to 2011 level). We note that Emerald Hills and Lastochkino Gnezdo are under construction already, and launching Tsar Capital gives a 60% visibility over the company's ability to deliver the planned volumes in 2014 (given the construction cycle of 2-2.5 years).

We note that the recent sell-off on the market pushed Etalon's share back to February's levels. Currently the stock is trading at 3.1-3.0x 2012-13F EV/EBITDA, providing for c.25% and c.54% discounts to EM and DM peers, respectively.

Etalon's projects to be launched in 2012

Project	Location	Status	NSA ('000 m²) total (Etalon share in unsold NSA)	to be launched in 2012	to be delivered in 2014
Emerald Hills	Moscow region	sales started, partially completed	779		156
Lastochkino Gnezdo	St Petersburg	construction, sales started	318	319	240
Tsar's Capital	St Petersburg	planning permit	358	459	106
Galant	St Petersburg	construction permit	56	56	28
Molodejny	St Petersburg	construction permit	96	96	96
Marshala Tukhachevskogo	St Petersburg	construction permit	30	30	30
Rechnoy	St Petersburg	construction permit	92	108	
Letniy	St Petersburg	construction permit	71	71	
Etalon City	Moscow region	planning permit	364	381	
Moskovskiy	St Petersburg	planning permit	253		84
Samotsveti	St Petersburg	planning permit	187		90
Other			491		
Total (estimated)			**3,929**	**1,520**	**830**
Share of Moscow (%)			*37*	*25*	*19*

Source: Company data, ING estimates

Price: US$5.1. Last published target price: US$9.0; recommendation: BUY

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Netia: Feedback from investor day

News

We participated in Netia's investor day, and the key points follow:

- Management is in talks with major shareholders about the topic of cash distributions. Although the company instituting a long-run dividend policy appears to be highly unlikely, some form of distribution this year (either in the form of additional buybacks or a dividend) seems to be the base case.
- Netia's managers view the TK Telekom sale this time around as highly unlikely, and its base-case scenario assumes that another attempt to sell the company will be made next year after all the legal problems (usufruct along the railway lines) have been solved. Interestingly, just 1.5k km of fibre controlled by TK Telekom is not overlapped by Netia's current infrastructure.
- Management does not expect the broadband market to pick up in 2Q12.
- The company has already delivered 200k Netia Spots (internet gateway device) and 20k Netia Players (new set-top boxes) to its clients. According to the company, IP TV and IP services (HBO GO) can be offered to clients with broadband no slower than 2Mbps (the average speed offered by Netia is 4Mbps).
- Only 30% of new TV users buy the full IPTV packages, and the remainder go for IP service – capable devices (for which HBO GO is the main source of content).
- Netia Players offer functionality such as TVN Player, Kinoplex and Ipla (video on demand in exchange for watching advertisements). Interestingly, in terms of these services, Netia has profit-sharing agreements in place, from which it gets part of the fee charged by the platforms for advertisement distribution.

Comment

Mildly positive – the TV offering and the possibility of cash distributions look good, but net add targets seem stretched.

We believe that the talks on dividends are definitely going the right way. Furthermore, we view the business concept behind the company's TV offering as indeed impressive, and we believe that the company is well-prepared to benefit from the switch-off of analogue TV in 2H13 by gaining market share and quickly monetising it. On the other hand, the business environment so far could make it difficult for the company to achieve its target of 2.9m RGUs at year end.

Price: PLN5.8. Last published target price: PLN7.5; recommendation: BUY

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Turkish light vehicle sales: May 2012

News

- Light vehicle sales in May reached 70.9k units, exceeding our estimate of 65k units, and in-line with earlier press reports signalling 70k unit sales. May sales point to a 12% decline YoY, and brought YTD weakness to 21%. PC and LCV segment volumes in May reached 50.5k and 20.4k units, respectively. Contraction in the LCV segment continued to be relatively sharper at 15.6% (higher impact from tax hikes), while PC segment sales declined by 10.4% YoY.

- **In terms of overall market share (PC+LCV),** Ford Otosan's market share posted the highest MoM increase, up 4.1ppt MoM reaching 16.3% (mainly thanks to gains in light commercial vehicle segment). Opel followed posting a 2ppt market share gain to 7.1% in May. Hyundai's and Renault's market shares suffered the most, down 2ppt MoM, and reached 4.4% and 11.4%, respectively.

- **Dogus Otomotiv** gave back some of the strong market share gained in April, and the company's overall share retreated to 16.2% (-1.2ppt) in May. While the company lost market share in the LCV segment, down 1.9ppt MoM to 12.8%; the loss in the PC segment was to a lesser extent, down 80bp to 17.6 % in May.

- **Tofas's** market share was relatively resilient and remained flat MoM in May. The company lost market share in the LCV segment, down 1.8ppt to 24.4%. The PC market share strengthened slightly and increased by 40bp to 9.2% in May.

- **Ford Otosan** saw the highest increase in overall market share (+4.1ppt) as the company continued to claw back share in the LCV segment, which it had lost in February. Ford Otosan's share in the LCV segment reached 29% in May, up 5.2ppt MoM. PC market share was also stronger MoM, up 3.4ppt reaching 11.1%. We believe this is mainly on the back of a pick-up in discounts and promotions during the month, and increases concerns about the company's profitability in 2Q12.

Comment

- As a recap, YTD sales volume has now reached 269.5k units, down 21% YoY. Although we are seeing the YoY decline persist, as expected, monthly sales continue to trend above the five-year average (+7%); May sales also exceeded the five-year average volume by 10%. In May we saw a pick-up in promotions, while pump prices of gasoline and diesel declined as well. Furthermore, consumer sentiment remains strong in Turkey and we continue to see a decline in auto loan rates, down 275bp from peak levels in January; hence there appears to be limited downside risk. We maintain our FY12 domestic volume outlook of 740k units, pointing to a 14% decline YoY.

- Dogus Otomotiv's share price should continue to outperform (+2.5% over the past month); the company's sales (-7.3%) have surpassed the overall Turkish market (-20.6%) YTD as currency continues to work in favour. Tofas continues to be our top-pick in the sector. Its share price has corrected by 16.7% over the past month due to concerns around Italy (and consequently the Fiat take-or-pay guarantees). We believe there is limited risk around the take-or-pay agreements, and similar to previous years, Fiat is expected to fulfil its contractual obligations.

Turkish light vehicle sales and market shares

	Volume						Market share			
PCs	**Apr-12**	**May-12**	**MoM**	**May-11**	**May-12**	**YoY**	**2011 (YTD)**	**May-11**	**Apr-12**	**May-12**
Dogus Otomotiv	8,382	8,865	5.8%	8,590	8,865	3.2%	13.8%	15.3%	18.4%	17.6%
Ford Otosan	3,531	5,613	59.0%	6,118	5,613	-8.3%	9.9%	10.9%	7.7%	11.1%
Renault	7,042	6,690	-5.0%	8,907	6,690	-24.9%	15.9%	15.8%	15.4%	13.3%
Toyota	2,459	2,378	-3.3%	1,671	2,378	42.3%	6.2%	3.0%	5.4%	4.7%
Tofas	4,012	4,632	15.5%	7,089	4,632	-34.7%	9.9%	12.6%	8.8%	9.2%
Opel	3,226	5,039	56.2%	5,158	5,039	-2.3%	8.9%	9.2%	7.1%	10.0%
Hyundai	3,862	2,816	-27.1%	4,152	2,816	-32.2%	7.8%	7.4%	8.5%	5.6%
Other	13,131	14,427	9.9%	14,617	14,427	-1.3%	27.7%	26.0%	28.8%	28.6%
TOTAL	**45,645**	**50,460**	**10.5%**	**56,302**	**50,460**	**-10.4%**				
LCVs	**Apr-12**	**May-12**	**MoM**	**May-11**	**May-12**	**YoY**	**2011 (YTD)**	**May-11**	**Apr-12**	**May-12**
Dogus Otomotiv	2,530	2,603	2.9%	2,506	2,603	3.9%	9.7%	10.4%	14.6%	12.8%
Ford Otosan	4,122	5,918	43.6%	6,095	5,918	-2.9%	27.5%	25.2%	23.8%	29.0%
Renault	1,342	1,379	2.8%	2,185	1,379	-36.9%	9.3%	9.0%	7.8%	6.8%
Toyota	182	227	24.7%	98	227	131.6%	0.5%	0.4%	1.1%	1.1%
Tofas	4,543	4,986	9.8%	6,321	4,986	-21.1%	26.2%	26.2%	26.3%	24.4%
Opel	11	2	-81.8%	207	2	-99.0%	0.7%	0.9%	0.1%	0.0%
Hyundai	144	284	97.2%	307	284	-7.5%	0.9%	1.3%	0.8%	1.4%
Other	4,430	5,004	13.0%	6,447	5,004	-22.4%	25.1%	26.7%	25.6%	24.5%
TOTAL	**17,304**	**20,403**	**17.9%**	**24,166**	**20,403**	**-15.6%**				
LIGHT VEHICLES	**Apr-12**	**May-12**	**MoM**	**May-11**	**May-12**	**YoY**	**2011 (YTD)**	**May-11**	**Apr-12**	**May-12**
Dogus Otomotiv	10,912	11,468	5.1%	11,096	11,468	3.4%	12.5%	13.8%	17.3%	16.2%
Ford Otosan	7,653	11,531	50.7%	12,213	11,531	-5.6%	15.4%	15.2%	12.2%	16.3%
Renault	8,384	8,069	-3.8%	11,092	8,069	-27.3%	13.8%	13.8%	13.3%	11.4%
Toyota	2,641	2,605	-1.4%	1,769	2,605	47.3%	4.4%	2.2%	4.2%	3.7%
Tofas	8,555	9,618	12.4%	13,410	9,618	-28.3%	15.0%	16.7%	13.6%	13.6%
Opel	3,237	5,041	55.7%	5,365	5,041	-6.0%	6.3%	6.7%	5.1%	7.1%
Hyundai	4,006	3,100	-22.6%	4,459	3,100	-30.5%	5.7%	5.5%	6.4%	4.4%
Other	17,561	19,431	10.6%	21,064	19,431	-7.8%	26.9%	26.2%	27.9%	27.4%
TOTAL	**62,949**	**70,863**	**12.6%**	**80,468**	**70,863**	**-11.9%**				

Source: Automotive Distributors Association

Tofas Price: TL6.3. Last published target price: TL12.5; recommendation: BUY

Ford Otosan Price: TL16.15. Last published target price: TL17.4; recommendation: BUY

Dogus Otomotiv Price: TL4.55. Last published target price: TL7.1; recommendation: BUY

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Macro news

Czech Republic: Exports likely to weigh on IP growth

April data showed exports are gradually softening, and, bearing in mind the steep drop in domestic demand, the economy is unlikely to recover from a recession in 2Q12, in our view.

The growth of industrial output (WDA) remained more or less flat in April at 2.2% YoY (vs 2.6% YoY the month earlier). Compared with the March level, industrial output (SA) more or less stagnated at 0.1% MoM, after a 0.4% MoM increase the month earlier. The main engines of industrial production remained car manufacture (up 8.3% YoY), electricity/gas/air conditioning supply and the manufacture of machinery (both grew by 7.5% YoY). By contrast, the manufacture of electronic equipment (-19% YoY) and the production of foodstuff (-5% YoY) experienced sharp drops.

Export growth in YoY terms remained seemingly robust in April at 8.4%, but seasonally adjusted data showed a MoM decline (-0.6% vs -1% in March) for the second month in a row. The foreign trade surplus increased to CZK22bn from CZK13bn, which was mainly due to slowing imports on the back of weak domestic demand.

New domestic manufacturing orders fell by 11.6% YoY (from -2.2% YoY in March). By contrast, there was a positive surprise from new foreign industrial orders, which rebounded in April to 7.5% YoY from -0.5% YoY the month earlier. These likely show that the export side of the economy was still alive and kicking in April and that exports still offset (to some extent) the negative contribution from the widening drop in domestic demand. However, we believe that the PMI dipping below the 50-point level signals that even the export-oriented manufacturing sectors should sooner or later also experience softening foreign demand, which should be reflected in a further IP slowdown. The previous currency depreciation represents a cushion, which partly compensated for the moderation of foreign demand. Nevertheless, a deteriorating outlook for the external economic environment – which mainly concerns the Eurozone – suggests that export growth is likely to soften in the coming months.

So far, the activity data signal that the economy is unlikely to recover from the recession in 2Q. Weak domestic demand weighs on economic growth and exports do not fully compensate for the negative impetus.

We suspect that the CNB board will discuss only two options at the next meeting: no change or a cut. We think a 25bp cut is more likely. We think the expected further slowdown of exports should be reflected in a narrowing foreign-trade surplus and (together with monetary-policy loosening) should contribute to the koruna's weakening.

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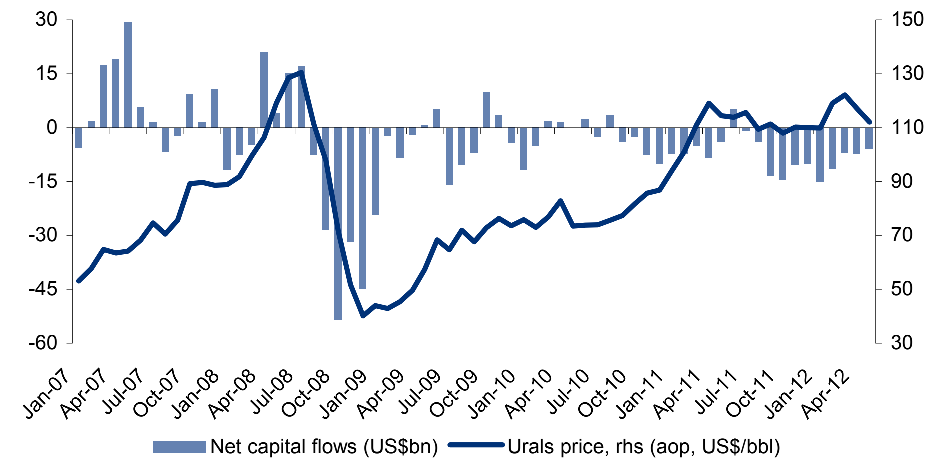
Russia: CBR saw lower capital flight in May

…at the YTD low of US$5.8bn, but it might have increased again recently, given an "on" regime in the CBR selling mode. The global picture will remain a key for RUB.

CBR Chairman Sergey Ignatiev said yesterday that (1) capital flight slowed down in May to US$5.8bn from US$7.3bn in April (totalling US$46.5bn YTD vs the CBR full-year forecast of zero to US$25bn of outflows); (2) the current account (C/A) surplus was estimated at US$8.7bn; (3) the CBR floating corridor has remained unchanged at 32.15-38.15/basket and (4) the CBR totally bought US$1.4bn in May; (5) the regulator is comfortable with 5-6% O/N money market rates and now more concerned about risks stemming from the FX-market; and (6) the RUB may appreciate if oil trades sideways, and will weaken if crude moves south, but not as sharp as in late May-early June due to more active CBR selling.

Net private capital flows vs Urals price



Source: CBR, Bloomberg

The capital flight moderation in May is a positive, but we already know that the CBR has been pushed into a selling mode since late May, having already sold around US$700m since 29 May. The volume of interventions was around US$200m per day over the last three days. In other words, capital flight might have strengthened again recently. It is worth recalling that the current CBR FX-policy setting assumes performing (1) target (or planned) interventions intended to reduce any one-way market expectations of RUB depreciation/appreciation, which do not affect its floating corridor and (2) non-target (or non-planned) interventions, intended to reduce excessive RUB volatility, which do force a 5 kopecks corridor shifts after totalling US$500m. It looks as if the CBR might have probably performed both types of interventions so far, given the stability of the corridor.

Barring a scenario of renewed risk-off action globally, we think that in the short-term the RUB may be supported by the upcoming tax period (kicks off on 15 June) with exporters entering the market. Yet, the RUB outlook still remains highly conditional on global developments. The CBR is likely to stick to its policy, which looks effective in taming excessive speculations via allowing quick RUB reaction and, at the same time, not destroying local liquidity. But it will clearly be ready to step in with more active participation if market sentiments worsen again. We still stick to our forecast for the RUB to trade within 34-35.20/basket in 2H12 under the assumption of a US$115-120/bbl Brent oil price in 2H12. However, if oil remains around the current US$100/bbl level, we would expect to see the RUB trading closer to 35-36/basket on average.

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Ukraine: Deflation came earlier than expected

The MoM deflation of 0.3% in May turned YoY headline CPI into negative territory – -0.5%. No inflation acceleration is expected in 1H12.

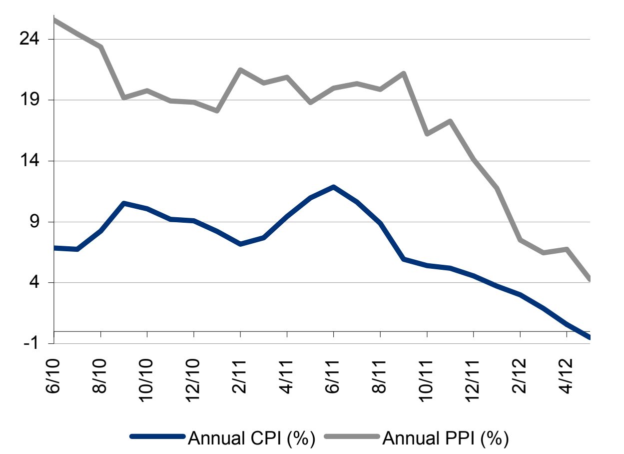
Headline inflation over May of -0.3% was again considerably lower than market consensus forecasts of 0.2%. Therefore YoY CPI turned negative (-0.5%) – two months earlier than we expected. We consider control over money supply, administrative control over prices and weakening in domestic demand as the core factors of inflation dynamics this year.

Food products again provided the largest contribution to the inflation trend last month. The drop in the price of eggs and dairy products, and not the decline in fruits and vegetables, affected the CPI dynamics. The dynamics of price changes in other consumer groups reflects the effect of control over prices.

Even though total control over inflation has been reached we do not expect any easing in the monetary policy of the NBU because recent UAH devaluation will force the National Bank to eliminate excessive hryvnia supply. Therefore we should not hope for any visible decrease in interest rates this year.

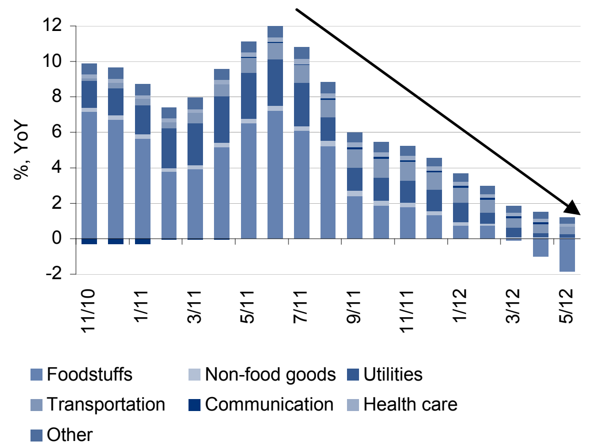
We still stick to our year-end headline CPI forecast at 6.1% while expecting inflation acceleration in 2H12 on the back of weaker administrative price control in 4Q12, delayed inflation effect, still strong domestic demand, higher social spending of the government and the low-base effect of last year.

First deflation over nine years



Source: ING, State Statistics Committee

Food prices in negative territory



Source: ING, State Statistics Committee

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Ukraine: NBU supports gradual switch to flexible exchange rate

Head of monetary and credit policy department of the NBU Shcherbakova announced that the National Bank will gradually switch to a flexible exchange rate. She also mentioned that the level of NBU FX reserves is enough to support this process. Therefore we can treat this statement as evidence of NBU policy to move to a more flexible exchange rate regime. This is one of the most important requirements of the IMF regarding NBU FX policy.

The intention of the NBU to switch gradually to a new exchange rate regime supports our forecasts on the absence of sharp movements in the exchange rate within the medium-term period. In any case, any demand shocks will be smoothed by NBU FX interventions on the market. Therefore our year-end UAH/USD forecast at 8.41 remains unchanged while we may see a more visible devaluation movement only after the October elections.

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Publication Extracts

The following extracts are taken from recently published research.

For the full report, see our website: research.ing.com or speak to your sales contact.

EQUITY RESEARCH

Sector update
6 June 2012

Turkish banks data monitor

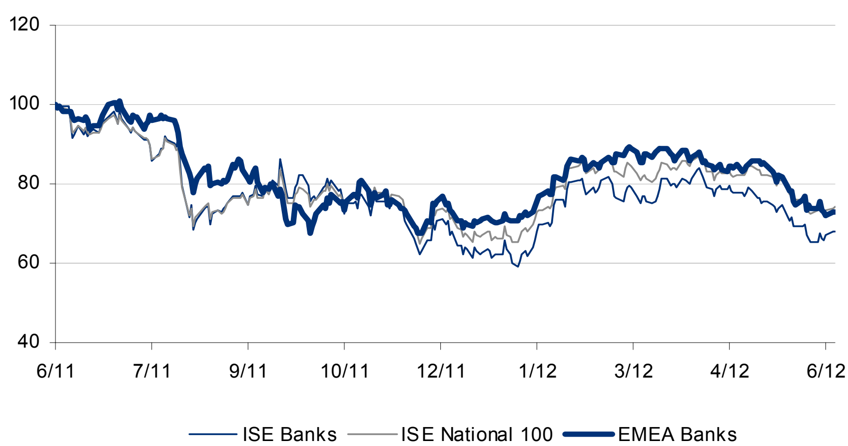
March 2012

The Turkish banking sector generated net income of TL6.0bn in 1Q12, up 14% QoQ and 9% YoY, resulting in 14.1% cumulative ROE.

Balance sheet trends: Sector loans increased 2.4% QoQ and 23.9% YoY, continuing their deceleration trend observed in 4Q11. Akbank and Vakifbank led the market with their 5.2% loan growth; Halkbank grew slightly ahead of the sector (2.7%), while Isbank (1.5%), Yapi Kredi (0.5%), Garanti (-0.6%), and Ziraat (-2.5%) lagged. TL loans increased 4.2% and FC loans grew 3.7% in US$ terms, in-line with our expectation of 15.8% sector loan growth for 2012. Consumer loans (ex-credit cards) grew only 2%, a big contrast to March 2011 when this segment grew 8.9%, and credit cards showed the most robust increase (4.8%). Sector deposits grew only 0.1% QoQ; TL deposits contracted 0.3% as costs remained elevated due to the CBT's "extraordinary days", while FC deposits grew 8.5% in US$ terms. System LDR reached 100.3% as of 1Q12 and demand deposits' share in total deposits fell QoQ to 16.3% from 17.4%. Garanti (-1.5%), Yapi Kredi (-3.2%), Isbank (-4.1%) and Ziraat (-4.6%) gave up deposit market share, while Vakifbank (+7.7%) and Halkbank (+6.5%) continued to gain market share. Sector CAR remained unchanged QoQ at 16.6% – TSKB (19.4%), Garanti (16.9%), Ziraat (16.7%) and Akbank (16.5%) stand out as the best capitalised names. NPL ratio was up only 5bp QoQ at 2.75%. TSKB (0.4%), Ziraat (1.3%), Akbank (1.7%), Garanti (1.9%) and Isbank (2.1%) have lower NPL ratios, while Halkbank (2.8%), Yapi Kredi (3.2%) and Vakifbank (3.5%) are slightly above the sector average.

Income statement highlights: NPL stock rose ~4.1% QoQ, primarily due to retail NPLs, marking the second quarter of increase. All banks under our coverage beat consensus expectations: Garanti's cost of risk remained contained, in-line with its 2012 operating budget; Akbank's results showed above-sector loan, deposit and fee growth; Halkbank's positive surprise was driven by resilient margins and effective management of funding; Yapi Kredi's bottom-line was supported by better than expected LLPs and strong dividend income; TSKB's numbers continued their strong trajectory from 2011 thanks to strong NIM and nil specific cost of risk; Vakifbank's 27% beat was due to FX and trading gains and still-strong recoveries; and Isbank's earnings were 16% above consensus due to continued margin improvement and robust fees. Halkbank maintained its position as the top ROE earner in the group (22.3%), followed by TSKB (19.9%).

ISE banks index vs ISE100 and EMEA banks index (US$ rebased to 100)



Source: Bloomberg

Turkish banking system

	Dec 2011	Mar 2012
Headcount	181,443	181,415
Branch network	9,834	9,886
ATMs	32,462	33,500
Debit cards (m)	81.9	85.9
Credit cards (m)	51.4	52.4

Source: BRSA

Turkish banking system (TLbn)

	Dec 2011	Mar 2012
Assets	1,218	1,229
Loans	683	699
Commercial loans	459	469
Consumer loans	224	230
Consumer excl cards	168	172
Home	75	75
Car	7	7
Other	86	89
Credit cards	55	58
NPLs	19	20
Deposits	696	696

Source: BRSA

ING ratings

	Ticker	Rating	Price (TL)
Akbank	AKBNK TI	SELL	5.66
Denizbank	DENIZ TI	NR	11.80
Finansbank	FINBN TI	NR	3.61
Garanti	GARAN TI	BUY	6.16
Halkbank	HALKB TI	BUY	12.25
Isbank	ISCTR TI	BUY	3.88
Sekerbank	SKBNK TI	HOLD	0.96
TEB	TEBNK TI	BUY	1.80
TSKB	TSKB TI	BUY	2.26
Vakifbank	VAKBN TI	HOLD	3.12
Yapi Kredi	YKBNK TI	HOLD	3.12
Ziraat	N/A	NR	N/A

Prices as of close on 06 June 2012

Recommendations are unchanged in this report

Source: Bloomberg

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Buy	49%	46%
Hold	40%	49%
Sell	11%	36%
	100%	

* Percentage of companies in each rating category that are Investment Banking clients of ING Financial Markets LLC or an affiliate.

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Sell: Forecast 12-mth absolute total return less than -5%

Total return: forecast share price appreciation to target price plus forecast annual dividend. Price volatility and our preference for not changing recommendations too frequently means forecast returns may fall outside of the above ranges at times.

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