

AT - A GLANCE

February 15, 2011

Market Comment

In the absence of fresh drivers, local equities will likely continue to trade within a range-bound pattern between 64,100 and 65,400 levels. A flat to slight positive opening looks possible this morning.

Macro News

- European development bank cuts loans for Turkey in 2010...
- Turkey shelves EU reforms as accession hopes fade...
- US\$1.5bn defense exports in 2011...

Sector News

Company News

- Isbank <ISCTR TI> announces TL 603 mn net income for 4Q10, up 4% q/q...
- Yapi Kredi <YKBNK TI> reports preliminary 2010 YE tax purpose results...
- Vakifbank <VAKBN TI> reports its 2010 YE tax purpose results...
- Halkbank <HALKB TI> to pay dividend of 0.3164/share...
- Mardin Cimento <MRDIN TI> tax-office purpose financials...
- Adana Cimento <ADANA TI> 2010 tax-office purpose financials...
- Akcansa <AKCNS TI> posts 2010 tax-office purpose financials...
- Cimsa's <CIMSAT I> tax office results...
- Trakya Cam <TRKCM TI> 2010 tax office results...
- BIM's <BIMAS TI> 2010 tax office results...

Agenda

- 15.02 • Labor Force Statistics for November
- Central Government Budget for January
- 16.02 • Consumer Confidence Index for January
- 17.02 • Non-Residents' Holdings of Securities for the Week of 11 February
- Private Sector External Debt
- 17.02 • FDI Position for December

Market Data

Indices	Daily	Weekly	YTD	Last	Vol. *	Mcap **
ISE 100	▼ -0.2%	▼ -0.5%	22.2%	64,569	2,524	351
ISE 30	▼ -0.3%	▼ -0.9%	18.0%	79,036	1,233	274
Financials	▼ -0.4%	▼ -1.3%	20.1%	95,830	1,205	228
Industrials	▼ -0.2%	▲ 0.4%	40.0%	53,072	1,145	100
Banking	▼ -0.4%	▼ -1.5%	13.6%	135,796	713	171

Most Active

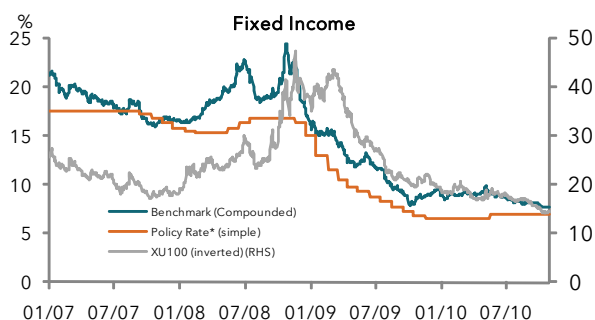
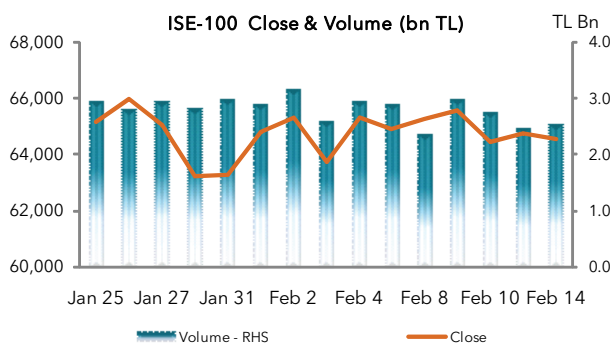
	Perf.	Vol. *	Best	Worst
GARAN	▼ 0.0%	271	KARSN 18.4%	EGSER -5.6%
KARSN	▲ 18.4%	196	SASA 4.1%	KONYA -4.9%
FENER	▲ 1.3%	152	ASELS 2.5%	NETAS -4.1%
ISCTR	▼ -0.4%	143	TTKOM 2.0%	TEBNK -3.6%
KONYA	▼ -4.9%	125	TRCAS 1.8%	AKGRT -2.9%

* in TLmn,, ** in TLbn

Key Valuation Parametrics

Multiples **	2009	2010E	2011E	Growth	2010E
P/E	12.3	11.0	9.7	Net Earnings	13%
EV/EBITDA	8.9	6.1	5.5	EBITDA	13%
EV/Sales	1.2	0.9	0.8	Sales	14%
P/BV(Banks)	2.5	1.9	1.6	BV	13%

** in TL, based on AtalInvest Coverage (c.82% of ISE MCap)



*Borrowing rate until 20 May 2010, then one-week repo rate.

What the Day Heralds

European development bank cuts loans for Turkey in 2010...

According to the Anatolian Agency News, the long-term loans Turkey received from the European Bank for Reconstruction and Development (EBRD) dropped to 1,935 million euros in 2010 from 2.7 billion euros in 2008 and 2.65 billion euros in 2009. Accordingly, the bank provided 450 million euros for Turkey's national science agency, TUBITAK, for R&D and innovation projects, 250 million euros to Turk Telekom, Turkey's largest fixed-line operator, for broadband Internet investments, 200 million euros to Yapi Kredi Bankasi for renewable energy projects and 50 million euros to a provincial municipality for a water treatment project. The EBRD gave the largest loan volume to Spain amounting to 9.3 billion euros.

Turkey shelves EU reforms as accession hopes fade... With key European Union states showing no sign of relenting in their opposition to Turkey's accession, the government has postponed dozens of laws required to be passed to achieve harmonization with the 27-nation bloc's standards until after the June elections, and even beyond. Among more than 40 requisite laws, those involving significant economic costs are the most unlikely to reach Parliament in the foreseeable future given government reluctance to agree to the financial burden without any real prospect of membership. Sources close to the issue estimate the cost of harmonization with EU standards at US\$ 60 bn, with both public and private sectors expected to be impacted. As elections approach, this is a painful concession to make.

US\$1.5bn defense exports in 2011... Turkey's thriving defense industry could export US\$ 1.5 bn in goods this year, marking a historic high which almost doubles the US\$ 832 mn figure for 2009. Turkish defense industry exports had stood at US\$ 200 mn five years ago. Official and industry figures both indicate a tangible rise in international competitiveness for the sector. According to Turkey's Association of Defense Industry Manufacturers, or SaSaD, local industries exported systems worth US\$ 669 mn in 2009, up from US\$ 576 mn in 2008. SSM's

official export figure for 2009 was US\$ 832 mn, although this figure included offsets for the national civil aviation industry.

Company News

TEB	N/R	Share Price: TL 1.90
TEBNK TI	P/E: -	Target Share Price: -
Banking	P/B: -	Upside Potential: -

TEB's <TEBNK TI> merger with Fortis <FORTS TI> to be completed this week...

Following the BRSA approval of the merger on Friday, the legal process of the merger is now concluded, and the two banks officially merged yesterday upon registration at the Trade Registry. Fortis shares will be exchanged into TEB shares on February 16 at a rate of 1.0518 TEB shares per Fortis share.

According to Turkish legislation, Fortis shares to be changed into TEB shares will trade separately as TEB (New) shares, indicating that these are shares that have been issued in 2011, and thus not bearing dividend rights for 2010 profits. Although the TEB BoD has already decided to recommend no dividend payment, the AGM will have the final say on the subject. After the AGM, which should be completed by the end of March, TEB new shares will turn into TEB (old) share and will all be traded together.

The process will be as follows:

Feb 14 -	Trade registry
Feb 14,15 -	TEB and Fortis shares will trade as usual
Feb 16 -	Fortis shares will start trading as TEB (new)
Feb 17 -	All Fortis shares in the accounts will be replaced with new TEB shares by the end of trading
Feb 18 -	Fortis will no longer appear in the books of either of the institutions, and TEB new and TEB old will be traded separately
Last week of March -	After the AGM, there will be no TEB (new) shares, and all will be changed into TEB (old) and traded together.

Is Bank (C)	OUTPERFORM	Share Price: TL 5.2
ISCTR TI	P/E: 7.8x	Target Share Price: TL 7.71
Banking	P/B: 1.4x	Upside Potential: 48%

Isbank <ISCTR TI> announces TL 603 mn net income for 4Q10, up 4% q/q...

The reported figure is in line with the consensus estimate of TL 598 mn estimate, while slightly below our TL 657 mn estimate. Net profit for the year is TL 2,982 mn, up 26% y/y.

On the balance sheet side, loans grew by 10% q/q and 33% y/y to TL 48,335 mn, while deposits rose 10% q/q and 22% y/y.

Slight improvement in NIM: After rapid decline in previous quarters, NIM showed a slight improvement to 4.0% in 4Q, from 3.9% in 3Q. Annual NIM was 4.2%, down from 5.8% in 2009. Accordingly NII rose by 3% q/q, exceeding our estimates. Total NII for 2010 came in at TL 4,582 mn, down 6% compared to 2009.

The loan book expanded by 10% q/q: Annual growth was 33%, in line with the sector. The bank managed to maintain its market share in 4Q.

Deposit growth gained pace: Deposits grew by 10% q/q, which brought annual growth to 22%. Isbank outperformed the sector, which grew 8% q/q and 20% y/y. The bank has one of the lowest L/D ratios of the sector at 73%.

Sharp drop in NPL: The NPL ratio declined 3.6% from 4.6% in 3Q. The NPL also fell to TL 2,407 mn from TL 2,829 mn q/q. Even after taking into account the TL 329 mn sale of NPLs in December, net NPL formation was negative.

Trading income was disappointing: Similar to other banks that had announced their results, Isbank's trading income was disappointing, mainly due to unexpectedly high FX loss. The bank booked a TL 145 mn trading loss in 4Q (versus our TL 89 mn estimate), which included a TL 172 mn FX loss.

Fee income was robust: Fee and commissions income rose 9% q/q to TL 315 mn. Despite this increase, annual fee income fell 1% due to weak income on credit cards, which constitute 34% of total fee income.

Operating expenses are under control: Operating expenses were down 4% q/q. The cost/Income ratio came in at 41% in 2010.

Isbank has announced mandating its headquarters for the sale of 20.6% of Arap Turk Bank for TL 85.3 mn. We view this as a positive development that will strengthen the free capital base of the bank.

Balance Sheet	4Q10	4Q09	y/y	3Q10	q/q			
Loans	64,231	48,335	33%	58,460	10%			
Securities	45,697	39,409	16%	43,498	5%			
Total Assets	131,796	113,223	16%	125,425	5%			
Deposits	88,260	72,177	22%	80,449	10%			
SHE	17,014	13,494	26%	16,075	6%			
Income Statement	4Q10	4Q09	y/y	3Q10	q/q	2010	2009	y/y
Net Interest Inc.	1,114	1,282	-13%	1,080	3%	4,582	4,867	-6%
Net Fee Inc.	315	335	-6%	288	9%	1,236	1,253	-1%
Net Income	603	568	6%	578	4%	2,982	2,372	26%

Yapi Kredi Bank	MARKETPERFORM	Share Price: TL 4.91
YKBNK TI	P/E: 10.4x	Target Share Price: TL 5.51
Banking	P/B: 1.9x	Upside Potential: 12%

Yapi Kredi <YKBNK TI > reports preliminary 2010 YE tax purpose results...

Net Profit for the full year was TL 2,060 mn, versus our forecast of 2,150 mn and CNBC-E consensus of TL 2,182 mn, thus corresponding to 52% annual growth.

Implied 4Q10 net profit is TL 281 mn, versus our call of 371 mn and TL 408 mn consensus estimates, and denotes a 52% q/q decline.

Tax results do not include footnotes, or any balance sheet items; hence we cannot comment on volumes, margins or RoE. However, these results are generally either identical to -or very close to- official BRSA results.

Looking to the details of the P&L, Net Interest Income came in below our estimates at TL 789 mn, almost unchanged q/q. Fee income grew by 6% q/q. Meanwhile, provisioning expenses surged 179% on a quarterly basis to TL 553 mn, leading to a deviation from our forecasts. Operating expenses rose by 15% q/q.

Vakif Bank	OUTPERFORM	Share Price: TL 4
VAKBN TI	P/E: 7.7x	Target Share Price: TL 5.17
Banking	P/B: 1.0x	Upside Potential: 29%

Vakifbank <VAKBN TI > reports its 2010 YE tax purpose results...

Net profit for the full year was TL 1,157 mn, versus our forecast of 1,136 mn and CNBC-E consensus of TL 1,084 mn; corresponding to an 8% y/y decline.

Implied 4Q10 net profit is TL 393 mn, versus our call of TL 371 mn and TL 320 mn consensus estimate, and implies a 75% q/q rise.

Tax results do not include footnotes, or any balance sheet items; hence we cannot comment on volumes, margins or RoE. However, tax results are generally either identical to -or very close to- official BRSA results.

Looking into the details of the P&L, Net Interest Income came in parallel with our forecast at TL 706 mn, up by 10% q/q. Fee income surged by 42% q/q, exceeding our estimate. Provisioning expenses rose by 21% q/q, while operating expenses climbed 10% in line with our estimates.

Halk Bank	OUTPERFORM	Share Price: TL 12.5
HALKB TI	P/E: 8.2x	Target Share Price: TL 16.92
Banking	P/B: 1.9x	Upside Potential: 35%

Halkbank <HALKB TI> to pay dividend of 0.3164/share...

The total amount to be paid is TL 395.5 mn, which indicates a 20% payout ratio and 2.5% dividend yield.

Bank Asya	MARKETPERFORM	Share Price: TL 2.82
ASYAB TI	P/E: 9.6x	Target Share Price: TL 3.07
Banking	P/B: 1.2x	Upside Potential: 9%

Bank Asya <ASYAB TI >reports TL 71 mn net earnings for 4Q10, up 8% q/q...

The reported figure is exactly in line with the consensus estimate of TL 71 mn, while a little above our TL 67 mn estimate. Net profit for the year is TL 260 mn, down 14% y/y. RoE in 4Q10 was at 14.9%
On the balance sheet side, loans grew by 13% q/q and 34% y/y to TL 10,955 mn, while deposits rose 12% q/q and 22% y/y.

Strong growth in the last quarter: Bank Asya managed to expand its loan book by 13% in 4Q, exceeding 11% sector growth, as y/y growth reached 34%.

Also an improvement in NIM: In addition to market share gain in loans, Bank Asya also managed to improve its quarterly NIM to 6.3% from 5.9% in 3Q with the help of the new deposit sharing rates. Annual NIM was at 5.8%, down from 7.4% in 2009. Net interest income rose 19% q/q to TL 170 mn, yet on an annual basis, lost 1% due to contraction in NIM.

Provision Expenses more than doubled: While the improvement in asset quality continued in 4Q, with NPL ratio falling to 4.0% from 5.3% q/q, provision expenses rose 108% to TL 56 mn.

Fee income was robust: Fee income increased by 13% in the last quarter, but dropped 3% y/y.

CAR came down to 13.3%: CAR fell to 13.3% from 14.5% in 2009. With RoE in around the 14-15% range, we believe the bank may have to make a rights issue to strengthen the capital structure.

Balance Sheet	4Q10	4Q09	y/y	3Q10	q/q
Loans	10,955	8,197	34%	9,660	13%
Securities	474	84	464%	461	3%
Total Assets	14,513	11,609	25%	13,241	10%
Deposits	11,167	9,137	22%	9,988	12%
SHE	1,942	1,708	14%	1,868	4%

Income Statement	4Q10	4Q09	y/y	3Q10	q/q	2010	2009	y/y
Net Interest Inc.	170	150	13%	142	19%	594	600	-1%
Net Fee Inc.	67	64	4%	59	13%	249	258	-3%
Net Income	71	82	-13%	66	8%	260	301	-14%

Mardin Cimento	N/R	Share Price: TL 7.76
MRDIN TI	P/E: 11.1x	Target Share Price: TL 8.48
Cement	EV/EBITDA: 8.3x	Upside Potential: 9%

Mardin Cimento <MRDIN TI > tax-office purpose financials...

Mardin Cimento posted TL 25.7 mn net profit in its 4Q10 financials, compared to TL 14.2 mn a year ago. The jump in net profitability mainly stemmed from better than expected operating performance.

The company's net sales climbed by 29% thanks to 49% y/y improvement in its domestic sales, as a result of infrastructure projects in the region. Moreover, its exports advanced by 23% y/y.

The EBITDA margin rose by 8-pp y/y to 45%, deriving strength from more profitable infrastructure projects.

Adana Cimento	N/R	Share Price: TL 5.44
ADANA TI	P/E: 15.7x	Target Share Price: TL 5.93
Cement	EV/EBITDA: 11.8x	Upside Potential: 9%

Adana Cimento <ADANA TI> 2010 tax-office purpose financials

Adana Cimento posts TL 117.1 mn pre-tax profit in its 2010 tax-office purpose financials, with TL 294.5 mn top line and TL 51 mn EBIT.

The results are indicative of IFRS results for operating figures. In that line, we expect Adana Cimento's 2010 net profit at TL 96 mn.

Akcansa	N/R	Share Price: TL 7.38
AKCNS TI	P/E: 15.1x	Target Share Price: TL 8.86
Cement	EV/EBITDA: 9x	Upside Potential: 20%

Akcansa <AKCNS TI > posts 2010 tax-office purpose financials...

Akcansa posted a TL 44.2 mn pre-tax profit in its 2010 tax-office purpose financials, compared to TL 79.1 mn in 2009. The top line rose by 12% y/y to TL 827 mn, while operating profit eased by 30% to TL 67 mn in the underlying period.

The tax office results seem indicative of its IFRS results, in terms of operating figures. Thus, we expect the company to generate an TL 804 mn turnover and TL 71 mn net profit in its 2010 financials.

Cimsa	OUTPERFORM	Share Price: TL 10.4
CIMSA TI	P/E: 11.6x	Target Share Price: TL 12.41
Cement	EV/EBITDA: 7.1x	Upside Potential: 19%

Cimsa's <CIMSA TI> tax office results...

In its 2010 tax-office financials, Cimsa posted a TL 133.4 mn pre-tax profit, compared to TL 110.1 mn in 2009. Total turnover rose by 18% y/y, while EBIT advanced by 22% to TL 141 mn in the underlying period.

The tax office results seem indicative of IFRS results for operating figures. We foresee a TL 690 mn top line, in tandem with TL 108 mn net profit in its 2010 financials.

Trakya Cam	OUTPERFORM	Share Price: TL 3.34
TRKCM TI	P/E: 10.1x	Target Share Price: TL 3.64
Glass	EV/EBITDA: 6.3x	Upside Potential: 9%

Trakya Cam <TRKCM TI> 2010 tax office results...

Trakya Cam posted a TL 103.3 mn pre-tax profit in its 2010 tax-office financials, compared to TL 110.8 mn in 2009. The company's net sales improved by 14% y/y, as Trakya Cam's EBIT skyrocketed by 3 fold y/y, in the underlying period, thanks to removal of high cost inventories.

The tax office results are in parallel with its IFRS results, on operating figures. Hence, we anticipate a TL

195 mn net profit in its 2010 financials.

BIM	N/R	Share Price: TL 50.25
BIMAS TI	P/E: -	Target Share Price: TL -
Food Retail	EV/EBITDA: -	Upside Potential: -

BIM's <BIMAS TI> 2010 tax office results...

Discount retailer BIM has announced a TL 310.4 mn pre-tax profit in its 2010 tax-office purpose financials, compared to TL 270.9 mn in 2009. Net sales climbed by 23% y/y to TL 827 mn, where EBIT rose by 9% to TL 263 mn in 2010.

The tax office results usually come in line with IFRS results on an operating basis, where net profit registers around 20% lower than tax results. We anticipate the company recording a TL 230 mn net profit in 2010.



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