

# Greek and Turkish Banks

## Views from the road in Stockholm

### Equities Commercial Banks

- ◆ Investors were bullish on Greek banks and cautiously optimistic on Turkish banks
- ◆ Key debate: Can strong near-term earnings act as a catalyst despite looming medium-term macro risk?
- ◆ Alpha and Akbank were the most discussed stocks

#### **We found good interest in Greek and Turkish banks in Stockholm**

We recently met a number of investors in Stockholm where sentiment was cautiously optimistic for the banks we cover. The audience agreed with our constructive view on Greek banks, but they were disappointed with the meagre YTD performances of shares. They questioned whether NII tailwinds from rising rates could outweigh risks on loan growth and asset quality. As for Turkish banks, shares seem to have come back on investor radars after Russia's exclusion from benchmarks. Key debates were on sustainability of the macro framework, upcoming elections and quarterly results. We left with the impression that investors would entertain tactical positions around quarterly results in 2H22 so as to not miss the market.

#### **Having missed the rally, investors sounded lukewarm to Turkish banks**

Russia coming out of benchmarks has increased the importance of Turkey for the investors we met. Nevertheless, their positioning in banks was light and missing the recent rally weighed on their performances. So, investors were trying to understand whether the rally still has legs. In particular, they were curious about 1) sustainability of current loose monetary policy; 2) positioning of local investors since they seem to be the driving force behind the market nowadays; 3) whether strong quarterly earnings would attract local investors to buy in more despite looming macro adjustment risks. Upcoming elections and their impact on valuations was also discussed, but we had the impression that investors were more focused on the near term, considering tactical positions around quarterly results, while we cautioned about risks around the currency and interest rates. Akbank (AKBNK TI, TRY12.93, Hold) was the most discussed name.

#### **Investors were bullish on Greek banks and looking for the next catalyst**

Most investors we met were bullish on Greek banks, encouraged by the relatively strong economic outlook for the country in the context of Europe. They were positioned in Alpha (ALPHA GA, EUR0.87, Buy), Eurobank (EUROB GA, EUR0.89, Buy) and NBG (ETE GA, EUR3.26, Buy). Our view on revenue tailwinds from rate hikes outweighing potential increases in provision expenses next year was well received. A key debate was on the reasons behind meagre stock performance YTD and potential catalysts ahead. Higher rates are yet to run through banks' P&Ls and we expect strong quarterly earnings in 2H22 to act as catalysts. While discussions were predominantly top-down, stock level discussions were skewed towards Alpha.

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### Seeking a catalyst

The 9<sup>th</sup> edition of the EM Sentiment Survey

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