

TABOGLU, ATES & DEMIRHAN

Newsletter

BANKING SECTOR NEWS

- As per the report of the Banking Regulation and Supervision Agency as of November 2007, the periodical net profit of the banking sector which amounted to TRY 8.7 billion in September 2006 increased to TRY 11.8 billion by the rate of 35.1% this year. Pursuant to the report, the aggregate assets of the banking sector which amounted to TRY 550.5 billion in August 2007 decreased by 1.3% and regressed to TRY 543.5 billion in September 2007.
- The Chairman of BORYAD, the Association of Stock Exchange Investors, has declared that regarding the tender of Atv-Sabah they have recently advanced a proposal to the Savings Deposit Insurance Fund in order to protect the interests of smaller investors. In this framework, they have demanded the Fund to convert the commercial integrity of Atv-Sabah into securities, to merge them under a holding structure and to float the holding's shares through initial public offering. The Chairman has also stressed that in case of a request by the Fund, a representative of BORYAD may attend to the tender of Atv-Sabah as observer.
- Yapi Kredi has been awarded the "Bank of the Year for 2007" prize by the periodical, The Banker. The financial success and successful merger with Kocbank in late 2006 has led Yapi Kredi to win this prize.
- The main shareholder of Oyakbank, Oyak Group, who is yet to transfer its shares to ING Bank upon approval of the Banking Regulation and Supervision Agency, is contemplating to utilize the purchase price for new venture capital investments. The Group has not made up its mind for the areas and sectors to be invested in, but the Chairman of the Group has already expressed the Group's initial plan to invest a certain portion of TRY 2.673 in international buy-out projects.

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- Turkland Bank, a privately-owned Turkish bank with 13 branches and 380 employees, is targeting a growth of 35% by the end of the year and a network of 50 fully operational branches with 500 employees.
- Akbank has announced its new product, called "Best of", which is based on the principle that the funds are invested in the highest yield investment instruments in a given period of time. The new product promises a principal protection guarantee to the investor where the investor is assured that he would receive at least the principal amount initially invested.

PRIVATIZATION HIGHLIGHTS

- Turk Telekom will publicly offer the stake held by the Privatization Administration in the first quarter of 2008. The Minister of Transportation has stated his intention to offer his proposal for the public offering of up to 25% of the shares of Turk Telekom to the Council of Ministers. He has also stated that 3% of the public float will be allocated to the employees of Turk Telekom.
- In relation to the award of Petkim privatization to Turcas-Socar-Injaz consortium, it has been alleged that the leading member of the consortium, Turcas, has been restricted from participating in public tenders. The Chairman of Petkim stated that Turcas is not under any restriction whereas another Turcas Group company has been disqualified from attending public tenders.
- The general manager of Halkbank expressed his view on the foreign bidders willing to purchase the bank's shares in case of a potential privatization by saying that the sale to foreigners should be considered normal should there be no offer from local investors.

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Highlights

a. Banking Sector
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b. Privatization
Highlights

c. Capital Markets
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CAPITAL MARKETS NEWS

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- TAV Havalimanlari Holding, having gone public in early 2007, has announced that 99.988 shares of HAVAS have been pledged with a view to finance the purchase of 40% HAVAS shares for US\$ 115 million in favor of the bank providing loan. According to the Holding's statement published in the bulletin of the Istanbul Stock Exchange dated 23 July 2007, the voting rights of the pledged shares shall remain with TAV.
- TAV is also preparing to bid for Greater Noida Airport in India as part of a consortium with IL&FS Transport Network and Parsnavth Developers. It has been reported by TAV to the Istanbul Stock Exchange that the consortium agreement has been signed among three companies. The project involves construction, development and operation of an airport which will be owned by private companies (74%), Uttar Pradesh State of India and other Indian public entities (13%).
- The Chief Executive Officer of CarrefourSA has stressed that they are still negotiating with Koc Holding for the transfer of the majority stakes of Migros and underlined that they have adequate qualifications to integrate the said supermarket chain. He has asserted that they will not pay excessive prices in return for the shares and an agreement would be deemed impossible before the beginning of the next year.
- The Turkish Mortgage Brokers Association has announced its foundation. Newly appointed Chairman of the Association expressed the Association's eagerness to cooperate with public and private entities to develop a well-established mortgage market in Turkey.
- Citigroup Inc. has sold up to 4.9% of its shares for US\$ 7.5 billion to the Gulf Arab Emirate of Abu Dhabi, the world's largest sovereign wealth fund, which has given the largest U.S. bank fresh capital. Currently, the bank is striving to solve its problems related to the sub-prime mortgage crisis. Through the purchase of 4.9% shares, Abu Dhabi became Citi's largest shareholder.
- As reported in the "Global Real Estate Investment Trust Report 2007" of Ernst&Young, Turkey has outpaced the countries US, Netherlands, Belgium, Hong Kong and England with its revenues gained from real estate investment trusts' market and been awarded with the 9th rank. 13 REITs in Turkey are currently quoted on the Istanbul Stock Exchange and three new companies, Biskon REIT, Torunlar Insaat and Marti REIT are expected to enter the market in 2008. Furthermore, Ozfinans Factoring has applied to the Capital Markets Board to be converted into a REIT. Goldman Sachs has been mandated for the initial public offering of Biskon REIT, a subsidiary of Kiler Holding, a Turkish retail conglomerate whereas Is Yatirim will be acting as lead advisor for the initial public offering of Torunlar Insaat
- Kardemir, a publicly held Turkish steel company, has announced a net profit of TRY 93.2 million for the first nine months of 2007 which corresponds to an increase of 59% as compared to the same period of year 2006. The net profit of Kardemir for third quarter of year 2007 is TRY 30 million.

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The aim of this weekly newsletter is to highlight mainly the regulatory changes made by the Turkish Government during the relevant week. The content of this bulletin is limited to those areas Taboglu, Ates & Demirhan advises its clients. It contains a general summary of the changes and the areas it covers are broader. Thus, one should not rely on it for specific advice. For further information or advice please contact Taboglu, Ates & Demirhan, a full-service law firm based in Istanbul.

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