

TABOGLU, ATES & DEMIRHAN

Newsletter

NEWS RE BANKING SECTOR

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- As reported in an Italian newspaper, Italy's largest retail bank Intesa, which in the past had long negotiations with Garanti Bank, plans to make a bid amounting Euro 1.1 billion for Oyakbank. Following the completion of inspections, Intesa is planning to complete the sale by the end of May.
- Anadolu Group, which has been waiting for the approval of the Banking Regulation and Supervision Authority concerning the sale of Alternatifbank (Abank) to Greek Alpha Bank, has started the closing preparations. As an initial step, Anadolu Group, who is preparing to transfer 50% shares of Abank in return for US\$ 492.5 million, has incorporated a new company named Anadolu Alpha Gayrimenkul and transferred shares of Abank and Alternatif Financial Leasing held by Anadolu Endustri Holding and shares of Abank held by Celik and Anadolu Motor and certain immovable properties to Anadolu Alpha Gayrimenkul.
- As stated in the dailies, Akbank has gained TRY 563 million gross profit (TRY 448 million net profit) in the first quarter of the year. The General Manager has stated that Akbank's total loans increased to TRY 32.7 billion with a ratio of 7.2% compared to TRY 30.3 billion of last quarter of 2006. He has further added that Akbank's market share in loans had increased from 13% to 13.4% and its deposits increased by 7.6% to TRY 38.7 billion and market share in deposits reached 11.4% in the first quarter of 2007.
- It has been reported that Istanbul Sabiha Gokcen Airport, the second airport of Istanbul, has been put for tender, which will be realized on 2 July 2007 including the construction of a new terminal with a passenger capacity of 10 million and renewal of certain parts of the existing airport such as current terminals and VIP-CIP saloons via build-operate-transfer method. The tender will be realized by the Undersecretariat of Defense Industry through bargaining method.
- Izmir Alsancak Port, which has been realizing 90% of Aegean's and one thirds of Turkey's exports, has been privatized after a long time. A joint venture set up by Hutchison Ports and Ege Ihracatci Birlikleri has won the tender with an offer of US\$ 1.28 billion and obtained the operational rights for 49 years. Multi-national Hutchison Group has been operating 41 ports in 20 countries all around the world and claimed that they would invest US\$ 600 billion in the next seven years to increase the capacity of the Izmir Alsancak Port. Other bidders in the tender were Babcock and Brown-PSA-Akfen Joint Venture Group, Celebi Holding, Alsancak Joint Venture Group composed of Alsancak Denizcilik and Baticim Limak.
- The Chairman of Privatization Administration has stated in a press conference held with Is Yatirim that despite the political uncertainty in Turkey, initial public offering of Halkbank will proceed as planned. He has also stated that the shares will be traded on the Istanbul Stock Exchange. He has further added that offer price range has been determined between TRY 6.40 to TRY 8.00 and the trading of shares is expected to start on 10th or 11th of May.

PRIVATIZATION HIGHLIGHTS

- As per the dailies, the preparations for the privatization of six cigarette plants have been completed. It is expected that the tender announcement will be ready within 15 days after the approval of the government. The plants will be sold as a whole through block sale method.

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Highlights

a. News re Banking Sector

b. Privatization Highlights

c. Telecommunication Update

d. Other News

TELECOMMUNICATIONS UPDATE*cont'd.*

- Pursuant to the dailies, Russian Alfa Group holding indirectly 13.22% of Turkcell shares has applied to a British Virgin Islands Court to seize Cukurova Holding's shares in Turkcell. Alfa Group had called on Cukurova, the major shareholder in Turkcell, last week to repay its debt of US\$ 1.35 billion being outstanding under the loan extended by Alfa Group in an amount of US\$ 1.7 billion. As per the statement sent by Alfa Group to Istanbul Stock Exchange, Cukurova has been using its indirect shares in Turkcell which were pledged to Alfa, as collateral for new financial sources to pay off its US\$ 1.35 billion debt to them. On the other hand, Cukurova has remarked that Alfa Group could not make any transaction relating to these shares such as seizure of Cukurova Holding shares until 25 May 2007 due to the injunction decision given by the court in Virgin Islands in favor of Cukurova. It has also been added that Cukurova will repay its debts to Alfa Group before the maturity date.
- The President of Savings Deposit Insurance Fund has stated that ATV television channel and the newspaper Sabah should not be separated. He has added that the sale method of these two companies has not been determined yet. However, he has stressed that those two operations have created a synergy which should not be disturbed.
- The Ankara Chief Public Prosecutor's Office has initiated a lawsuit against the Chairman of the Privatization Administration and other two officers upon the application of Petrol Is Union on the grounds of malfeasance during the sale of Tupras shares to Sami Ofer. According to the indictment, Global Securities had applied to the Administration for the purchase of Tupras shares in a ratio of 14.76% on 28 February 2005 and the Privatization Administration has approved the application and made the public disclosure on the same day. The transaction was realized on 4 March 2005 on the Istanbul Stock Exchange wholesale market for TRY 15.40 per share. It has been also stated that the decision regarding the sale of Tupras had to be disclosed by the Privatization High Council on 7 January 2005; however such disclosure has not been made.
- Corporate Governance Forum of Sabanci University has announced the Standard and Poor's directed research "Turkish Transparency and Disclosure Research 2007". According to the research, the most transparent 5 company, in alphabetical order, are: Akbank, Anadolu Efes, Enka Construction, Koc Holding and Turkcell. According to this report, there has not been much progress in the public disclosure practices of the leading companies of Turkey in 2007.
- Celebi Hava Servisi, which was disqualified from the tender for operational rights of Antalya Airport, has initiated a lawsuit for cancellation of the decision on the transfer of operational rights of Antalya Airport.

OTHER NEWS

- According to the announcement, following the approval of the Competition Authority, the purchase of Ladik cement factory by Akcansa, a joint venture between Sabanci Holding and Heidelberg Cement has been completed. The General Manager of Akcansa has denoted that integration process regarding Ladik cement factory will start immediately.

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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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