

TABOGLU, ATEŞ & DEMIRHAN

Newsletter

BANKING SECTOR NEWS

- As per the dailies, Akbank has announced TRY 1 billion 445 million in gross profit for the first six months of 2007. After TRY 244 million is subtracted as the allowance for taxation, the net profit is TRY 1 billion 201 million with an increase of 35% from the same period of last year. The General Manager of Akbank has stated that the higher-rate increases in the volume of loans have positively affected the growth and profit of the Bank. The total of loans has reached to TRY 35 billion 594 million for the first six months of 2007 with an increase of 17.4% from the end of last year. Finally, the consumer loans of Bank have increased 19% for the first six months of 2007.
- According to the dailies, the National Bank of Kuwait will buy 40% of Turkish Bank for an amount of US\$ 160 million. The Chief Executive Officer of the National Bank of Kuwait has stated that the agreement marks a significant milestone in their regional expansion strategy and shows their increasing interest in the growing Turkish financial sector. The National Bank of Kuwait believes that the strong growth of Turkey will continue for a long time under the stabilized economic reforms, political stability and positive demographic indications. The Chief Executive Officer has also expressed his hope for Turkish Bank to prepare a strong base for their future development. The Chairman of Turkish Bank has also described such partnership as important, referring to the National Bank of Kuwait's experience in regional and international markets.
- The Banking Regulation and Supervision Agency has given permission to Merrill Lynch Yatirim Bank to perform agency activities through signing agency agreements with the capital markets intermediary institutions. Due to the decision of Banking Regulation and Supervision Agency, the Capital Markets Board will be informed of the said permission.

PRIVATIZATION HEADLINES

- As per the dailies, the Council of State has dismissed the suspension request of Ankara Chamber of Commerce for the execution of privatization of Halkbank. The Council of State has stated that such privatization cannot be deemed illegitimate just because the Turkish Treasury holds shares in Halkbank. The initial public offering of Halkbank was closed in May 2007.
- According to the dailies, in the lawsuit, initiated by Petrol-Is Labor Union for the cancellation of the Petkim privatization, the Council of State has given an interim decision and asked the Privatization Administration to submit Petkim's articles of association and all the documents demonstrating the reasons and criteria of the sale within 30 days.
- The Council of Ministers' resolution regarding the transfer of proceeds gained from the privatization of some ports to the State Railways has been published on 29 July 2007. As per the decision, the Privatization Administration will transfer the privatization proceeds gained from the privatization of Bandirma, Izmir, Samsun, Derince, Mersin and Iskenderun ports to Turkish Treasury within 15 days and the Treasury will transfer the same to the State Railways within 15 days, provided that such revenues are used for construction of railroads and maintenance and repair of current railways.
- As per the dailies, the State Airports Authority is gradually handing over the management of Turkey's airports to the private sector. Apart from Sabiha Gokcen Airport, which was privatized recently, private companies manage only five airports out of 34 in Turkey. In the upcoming period tender announcements for Bodrum, Gazipasa and Nevsehir airports are expected.

Highlights

- a. Banking Sector News*
- b. Privatization Headlines*
- c. Capital Markets Highlights*
- d. Other News*

CAPITAL MARKETS HIGHLIGHTS

- As per the dailies, Turkish household appliance maker Arcelik has announced that, it has bought a Chinese washing machine manufacturer as part of its strategy to expand in the region. Arcelik will pay Yuan 60 million (US\$ 8 million) for Changzhou Casa-Shinco Electrical Appliances Co. Ltd, which owns a factory with annual capacity of 200,000 washing machines.
- As per the dailies, Anadolu Cam Sanayii has initiated investments to set up a production facility with a capacity of 90,000 tonnes. Due to the statement made by Anadolu Cam to the Istanbul Stock Exchange, the capacity of the Group has reached 1,660,000 tonnes in total; consisting of 750,000 tonnes in Turkey, 860,000 tonnes in Russia and 50,000 tonnes in Georgia. The annual production will reach 1,775,000 tonnes in total by the end of 2007 and the expectation for the first half of 2008 is 2,085,000 tonnes in total. Sise Cam is planning to complete the purchase transactions, following the completion of necessary examinations, until October 2007. Following the said purchase, capacity of the company in Russia will reach 955,000 tonnes.
- According to the dailies, the Istanbul Stock Exchange has declared that it is planned to shorten the length of opening session and to continue the stock exchange transactions until 17.00 p.m. before the end of this year.
- As per the dailies, Gama Insaat, active in Russia for approximately 20 years, has succeeded in participating in the big energy reform project of Russia by forming a consortium with General Electrics. "Satura", the combined-cycle power plant, which has 400-megawatt energy capacity, will start to supply the major part of the electricity demand of Moscow as of the year 2009.

OTHER NEWS

- The European Investment Bank will grant US\$ 100 million loan for the second phase of the Ankara-Istanbul High-Speed Train Project conducted by the State Railways General Directorate. The Turkish Treasury Undersecretariat has stated that an agreement for the loan with an amount of US\$ 100 million, which the European Investment Bank will lend to finance a part of the second phase covering Inonu-Vezirhan and Vezirhan-Kosekoy sections of the project, was signed.
- The tender, which was realized by the Housing Development Administration for the new stadium to be constructed in Seyrantepe, has been cancelled. Accordingly, the Housing Development Administration has stated the reason of the cancellation as lack of competitive atmosphere that is aimed with the tender process. The tender for the stadium which is to have seat for 52 thousand people and a fully retractable roof was realized on 19 July 2007. However, only five out of the 28 firms which had requested the tender specifications submitted bids. The Housing Development Administration will renew the tender specifications next week and the new tender will be realized on 25 August 2007. The winner will be announced early September.
- As per the dailies, exportation of Turkey has increased 24.64% in the first 7 months of 2007 and reached US\$ 58.3 billion. Thus, motorcar industry and machine production sector has been indicated as the fastest sectors of Turkish exportation.

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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