

TABOGLU, ATES & DEMIRHAN

Newsletter

NEWS REGARDING BANKING SECTOR

- As per the statement of Vakif Bank to the Istanbul Stock Exchange, the Bank has decided to sell 31.15% of its shares in Vakif Girisim Sermayesi to CFK joint venture for TRY 3.13 million. It has been stated that such transaction will be realized upon the decision of the Board of Directors of Vakif Bank and the approval of the necessary authorities.
- As per the statement of Sekerbank to the Istanbul Stock Exchange, Sekerbank has decided to sell its deferred receivables portfolio of TRY 243.7 million to Lehman Brothers which offered the highest bid with the amount of TRY 61 million.
- As disclosed to the Istanbul Stock Exchange, the Board of Directors of Isbank has adopted a resolution to authorize the opening of a representative office in Egypt.
- The Minister of State has stated that foreign capital in the banking sector is 42.7% as of November 2007 and the ratio of the total assets of the banks owned by the foreign investors having control to the total assets of the banking sector is 14.3%. He has further stated that there is no limitation in the legislation for the sale of the local banks to the foreigners.
- The General Manager of Halk Bank has stated that they will focus on 3 major areas in 2008, namely (i) continuing the Bank's leadership in banking for small and medium sized enterprises; (ii) improving its retail banking services; and (iii) maintaining sustainable growth.
- The General Manager of Ziraat Bank has stated that the Bank has gained TRY 2.35 billion net profit in 2007 and continued being the leader of the sector in respect of total assets and net profits. The total assets of Ziraat Bank has increased to TRY 81 billion and the total deposits to TRY 67.68 billion. He has further stated that the Bank has obtained all necessary permissions from the Greek banking authorities to establish new branches in Athens and Gumulcine and these branches will be operating within the next 2 months.

PRIVATIZATION HIGHLIGHTS

- As per the dailies, the Administrative Chambers' Assembly of the Council of State has suspended the tender for the privatization of the Izmir Port and the implementation of the decision of the Privatization High Council concerning the approval of the transfer of the operational rights of such Port. The Privatization High Council had approved the transfer for US\$ 1.2 billion on 3 July 2007. The Port Workers Union and the Foundation for Developing Public Institutions Management had filed two separate lawsuits for the cancellation of the Privatization High Council's decision and suspension of execution.
- As per the dailies, the privatization of highways and bridges process will start in May 2008. Although the Privatization Administration has not announced a definite schedule, the processes are expected to be finalized by the end of this year. The management rights of the two bridges on the Bosphorus Straight and six other highways are planned to be transferred to private sector for a term of 20 to 25 years for a total estimated amount of approximately US\$ 5-6 billion.
- A new Communiqué on the Decree No: 32 on the Protection of the Value of Turkish Currency has been adopted by the Treasury, published in the Official Gazette on 28 February 2008. The new Communiqué provides for standards on purchase of foreign securities, acquiring loans from foreign banks and mainly provisions on the funding of privatization deals. Accordingly, persons domiciled in Turkey and foreign-local consortiums participating in the privatization tenders may obtain loans from the banks abroad to finance tender prices. Also, persons domiciled in Turkey may grant loans to partnerships abroad in which they own shares, to their parent companies and group companies.

Highlights

a. News Regarding Banking Sector

b. Privatization Highlights

c. Telecommunication News

d. Capital Markets Update

e. Energy Sector Highlights

f. Other News

TELECOMMUNICATIONS NEWS

- The Chief Executive Officer of Turkcell has stated that the Company is still negotiating to purchase an active operator in the Eastern Europe. He has also stated that the negotiations regarding the purchase of Syritel's shares, the largest GSM operator of Syria, are expected to be finalized within 30 days. Accordingly, Turkcell's net income has increased to TRY 8.1 billion and its net profit has increased to TRY 1.76 billion in the year 2007.
- The Chief Executive Officer of Vodafone has stated that Vodafone has achieved TRY 2.6 billion turnover in 2007 and its subscriber volume has reached to 16.1 million. He has further stated that the Company extended its investment plans for 2008 and agreed on an additional US\$ 900 million investment for 2008. The total investment amount is expected to be US\$ 6 billion by the end of this year.

CAPITAL MARKETS UPDATE

- According to the statement made by Oz Finans Factoring to the Istanbul Stock Exchange, Oz Finans Factoring has obtained the "preliminary permission" of the Capital Markets Board to amend its Articles of Association in order to convert into a real estate investment company.

ENERGY SECTOR HIGHLIGHTS

- According to the dailies, General Electric foresees to invest US\$ 3-5 billion in energy sector in Turkey within the next 3-5 years. The General Electric General Manager for Southwest Asia and Turkey has stated that a partnership is planned to be established with local partners and to invest in the wind, hydro, gas and imported coal.

OTHER NEWS

- Pursuant to the dailies, Sabanci Holding has decided to focus on banking, insurance, retail and energy sectors in accordance with their growth scheme and planned 12% growth in their turnover in 2008.
- As per the dailies, the Ministry of Finance will make a detailed tax audit on factoring companies. In the preliminary investigation, it has been determined that Turkey is the second largest country after the U.S. in the list regarding the number of the factoring companies. Turkish factoring companies have reached to US\$ 20 billion transaction volume at the end of the year 2007.
- As per the dailies, British American Tobacco, the winning bidder in the Tekel tender with the highest bid amount of US\$ 1.72 billion, has offered US\$ 4 billion to purchase Skandinavisk Tobakskompagni, the biggest tobacco group of Scandinavia.
- As per the dailies, Kiler Holding is targeting an investment plan of US\$ 500 million. The Chairman has stated that the Company has decided to invest in Russia and Ukraine's retail and construction sectors.
- According to the dailies, the Chairman of Pegasus Airlines has stated that their growth rate in 2007 was 44% and turnover was Euro 300 million, which made them Turkey's second biggest airline company. He has further stated that the Company is expecting an 8% growth in passenger number and 22% in turnover for this year.
- Pursuant to the dailies, throughout the last 5 years foreign investors have transferred a total amount of US\$ 22 billion of the profit they gained from their direct investments and portfolio investments in Turkey, to abroad.

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.

TABOGLU, ATES & DEMIRHAN**Attorneys at Law**

Levent Cad. No. 9

1. Levent, 34330, Istanbul, Turkey

E-MAIL: enquiries@taboglu.av.tr**www.taboglu.av.tr**

PHONE: (212) 339 8800

FAX: (212) 339 8899