

# TABOGLU, ATES & DEMIRHAN

## Newsletter

### **BANKING SECTOR NEWS**

- The Regulation on the Payment of Insured Deposit and Insured Contribution Funds in the Banks Whose Operation Permits were Cancelled and Procedures and Fundamental Principles on Bankruptcy and Liquidation of Such Banks has been published by the Savings Deposit Insurance Fund in the Official Gazette on 23 February 2007. The Regulation aims to determine the principles applicable to the payments to be made to the owners of insured deposits and contribution funds in the banks, whose operation permits were cancelled, as well as procedures and principles applied to bankruptcy and liquidation of such banks.
- As per the dailies, purchase of 70% of Tekfenbank by EFG Eurobank will be included in the agenda of the Banking Regulation and Supervision Board once again. In order to approve the transaction, at least 4 out of 7 members of the Board must vote affirmatively. In the first voting, 2 members out of 5 attendants voted against such sale.
- According to the dailies, Garanti Bank has increased its net profit to TRY 1 billion 63 million, at a rate of 47%, and pre-tax profit, profitability, cash and non-cash credits and deposits of the bank in year 2006 have increased as well. The General Manager of the Bank has declared that they have also increased number of branches to 487 and that increase will continue.
- As per the dailies, Akbank has achieved a gross profit of TRY 1 billion 936 million in 2006. Pursuant to the declaration made by the General Manager of the Bank, total credits which increased 26.7% to TRY 28 billion 337 million as a result of the increase in personal and small and medium size enterprises' credits which were significant for general profitability of the Bank.

### **CAPITAL MARKETS HIGHLIGHTS**

- International credit rating agency, Standard and Poor's has confirmed credit rating of Turkey and declared that general election and latest improvements in northern Iraq will be determining the credit ratings of Turkey in 2007. Standard & Poor's has also stated that despite the increase of flexibility of Turkish economy against financial crisis and market fluctuations, lack of confidence of investors is still a significant threat for the economy and turbulence which occurred in foreign currency market in May and June last year was a good example of such threat.
- As per the dailies, shares of TAV Havalimani Holding which were offered to public at a price of TRY 10.00 per share will be traded at the Istanbul Stock Exchange with code of "TAVHL". It has been reported that major shareholder of the Company after the public offering is Goldman Sachs with 28.8% of shares.
- As per the dailies, decision for selling of majority shares in Ray Sigorta A.S. which is a subsidiary of Dogan Holding has been adopted by the Board of Directors of Dogan Holding and negotiations with prospective purchasers shall start soon.
- As per the dailies, Sivas Iron and Steel Factory, which was taken over by the Savings Deposit Insurance Fund due to debts of Sivas Demir Celik Isletmeleri and Siv-Yat Sivas Yatirim Ticaret has been offered for sale by the Fund. The tender will be held on 15 May 2007 in offices of the Fund in Esentepe and the deadline for application with necessary documents in accordance with the tender specifications is 11 May 2007. Further details of the tender may be obtained from official web site of the Fund, which is [www.tmsf.org.tr](http://www.tmsf.org.tr).

#### *Highlights*

*a. Banking Sector News*

*b. Capital Markets Highlights*

*c. Telecommunication Highlights*

*d. Other News*

cont'd.

- According to the dailies, cooperation between Tuyap and Is Venture Capital, had ended after 14 months and major shareholders of Tuyap (Unal family) have repurchased 29.75% of Tuyap shares, amounting to US\$ 10 million 791 thousand, from Is Venture Capital, which had purchased the shares in return for US\$ 7 million at the end of 2005.
- As per the dailies, Sabanci Holding and Lasheen Group, which is the leading plastic producer in the Middle East, will perform a new investment in Egypt through Temsa. The parties have attended the groundbreaking ceremony for bus factory which will cost Euro 20 million and declared that they will produce buses branded as 'Safari' as of 2008. According to the statement made by the General Manager of Temsa, Egypt project is a significant step of their pace for being a global trademark.
- As per the dailies, Sabiha Gokcen Airport, which is the second international airport of Istanbul, will be operated via build-operate-transfer model. Accordingly, the Undersecretariat of Defense Industry, owner of the airport, had applied to the Supreme Planning Council 9 months ago and the Council has just approved the tender due to build-operate-transfer model of the airport. Most of the operational difficulties of the airport are arising from current owner which is not related to aviation and constitutes obstacles before any kind of investment for the airport. It is estimated that various national and international companies such as TAV, which operates Istanbul Ataturk, Ankara Esenboga, Izmir Adnan Menderes and Tiflis Airports, Alman Fraport which operates First Terminal of Antalya Airport, Celebi A.S., which operates second terminal of Antalya Airport, ATM and Havas etc. will apply for the tender.
- The Minister of Transportation made a speech in the 7th Telecommunications Summit, which was held by the Strategic Technical and Financial Researching Center. The Minister has stated that, mobile phone users have increased from 23 million to 53 million and internet users have increased from 6 million to 17 million in 5 years.
- As per the dailies, Avea has become the first GSM operator which transferred all of 76 thousand songs of MÜ-YAP to digital media and made payments to song writers for each song downloaded to mobile phones. Accordingly, US\$ 2.2 million has been paid to music producers within 3 months and GSM operators gained profits over US\$ 60 million.
- Turkcell has initiated 'mobile signature' application with the cooperation of Akbank, Garanti Bank, Is Bank, TEB and Yapi Kredi. Accordingly, several transactions, other than marriage, land registry, and which do not require an indemnity could be made through mobile phones.

#### OTHER NEWS

- As per the dailies, the draft Mortgage Law has been approved by the Parliament. In accordance with the Law, loans for residential estate will be provided by financial leasing companies, consumer finance companies and banks. Furthermore, subsequent to the publication of the Law in the Official Gazette, previous loans, which had been extended before the enactment of the Law, will automatically be considered within the scope of the Law. Loans will be available with fixed or variable interest rates for 75% of the total price of the real estate.

*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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