

TABOGLU, ATES & DEMIRHAN

Newsletter

BANKING SECTOR HIGHLIGHTS

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- As per the dailies, Euro 5 million European Union donation fund, which will be granted through intermediation of Yapi Kredi Bank, will be granted to Gaziantep. It has been declared that at least 50 small and medium size enterprises will benefit from the fund and the Bank has also developed special programs for small and medium size enterprises, other than the donation fund of the EU.
- Vakifbank has obtained securitization loan amounting to a total of US\$ 500 million from, among others, ABN AMRO Bank NV., Citibank N.A. and ING Bank N.V.
- According to the dailies, HSBC Bank and Tekstilbank have decided to collaborate on credit card system. In accordance with the collaboration Tekstilbank credit card owners will be able to take advantage of Advantage card of HSBC Bank. In their collective declaration general managers of the banks have emphasized that the increase of mortgage credits has decreased the usage of credit cards, moreover they have predicted that only 2 or 3 of credit card brands will survive as a result of collective usage of infrastructure of credit card systems.
- As per the dailies, Is Bank and Ziraat Bank have decided to collaborate on credit card system. In accordance with the collaboration, Ziraat Bank Maximum credit card owners will be able to take advantages of the credit card named "Maximum" such as paying by installment or winning points for each purchase. General Manager of Ziraat Bank has declared that reason of the collaboration is the high cost of establishing such a big credit card system like Maximum. The General Manager of Is Bank has also reminded that they have collaborated with Oyak Bank last year in a similar manner and all their member work places of almost 150 thousand will adopt this new collaboration as well.
- As per the dailies, Banking Regulation and Supervision Authority has granted activity permission to Anadolu Faktoring Hizmetleri A.S. in accordance with the Regulation on Establishment and Activities of Factoring and Finance Companies.
- Unicredit, shareholder of Yapi Kredi Bank, has agreed with its competitor Capitalia on purchasing Capitalia through exchange of shares. The purchase price has been determined as US\$ 29.47 billion.
- As per the dailies, the Deputy General Manager of Garanti Bank has declared that they had gathered with almost three thousand small and medium size enterprises in 8 provinces to analyze Basel II with professionals. Furthermore, he emphasized that in accordance with Basel II, the banks will start to evaluate the companies by taking into consideration their risks. High risks of the company will raise cost of the credit, hence the companies which produce financial accounts in accordance with international standards will be able to use credit in optimum conditions. Finally, the Deputy General Manager reminded that Basel II will be applicable next year in Turkey and it should be seen as a chance for modernization of the sector and the financial standards.
- According to the dailies, the Chairman of the Savings Deposit Insurance Fund has declared that the Fund has collected US\$ 14 billion and they expect to collect US\$ 7.5 billion further. The Chairman added that the collection amount has increased after they separated from the Banking Regulation and Supervision Authority. Moreover, the Fund has initiated two lawsuits for assets of Uzan Group in Poland and plan to complete the sell of Merkez Group until the end of 2007.

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Highlights

a. Banking Sector Highlights

b. Energy Sector News

c. Other News

ENERGY SECTOR NEWS*cont'd.*

- The President of Turkey, Mr. Ahmet Necdet Sezer, has vetoed three provisions of the Law on Nuclear Power Plants. As per the vetoed provisions of the law, the companies which shall establish the power plants are not determined to be State Economic Enterprises, however, the President emphasized that defined companies of the law are obviously within scope of state economic enterprises. Furthermore, he also objected the provision which states that the Treasury shall meet the cost of dismantling the power plant.
- Altinbas Holding, the owner of Alpet, will invest US\$ 100 million and establish petroleum stations in 10 Balkan States within 4 years. The Chairman of the Board of Directors of Altinbas Holding has reminded that they penetrated into the market in Albania with 50% partnership and their station number has already reached to 80. Altinbas Holding is also planning to go public in the beginning of 2008.
- As per the dailies, TAV Havalimanlari Holding has taken over operation rights of Batum International Airport for the next 20 years. In accordance with the agreement which was signed between TAV Holding and Georgian Ministry of Economy, TAV has invested US\$ 28,5 million for the project.
- Financial Times has alleged that Koc Holding might sell its majority shares in Migros. Accordingly, Carrefour, Tesco, Metro and BIM are the potential purchasers. The CEO of Koc Holding has declared that Migros is not in the main line of activity of the Holding, however the final decision will be made next month. Financial Times has predicted that US\$ 1.3 billion might be offered for Migros shares held by Koc Holding.
- General Manager of Milli Reasurans T.A.S. has stated that 70% of Turkish insurance companies have been sold to foreign investors in return for US\$ 2 billion as a result of miscalculation of future expectations. Accordingly, the insurance sector is the third or fourth biggest finance sector in Turkey, as a result of globalization, the market is transferred to the foreign investors. The Chairman has also stated that in different countries, there are some restrictions before foreign investors in the finance sector and Turkey should also have similar restrictions.

OTHER NEWS

- The tender for third generation (3G) phone licenses which was suppose to be held on 25 May 2007 has been postponed to 7 September 2007 by the Telecommunications Board. The Board declared no reason for the postponement however, general elections has been pointed as a reason by the media. Turkcell, Vodafone and Avea, which are the largest operators of Turkey, are planning to join the tender and all announced that despite of the postponement they would maintain their infrastructure preparations. In accordance with the tender specifications, foreigners will be able to join the tender provided that they have five years of experience in the GSM sector.
- As per the dailies, Mr. Kemal Unakitan, the Minister of Finance, has declared that value added tax (VAT) will be decreased from 18% to 8% in tourism sector starting from year 2008.

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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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