

TABOGLU & DEMIRHAN

Newsletter

BANKING SECTOR HIGHLIGHTS

- Garanti Bankasi has announced that it will buy-back its 370 founders' shares for TRY 1.4 billion. According to the statement of the Bank, the purchase price will be paid from the extraordinary reserves.
- As per the dailies, Vakifbank has announced that the Bank has supplied project financing to Turkuaz Radyo Televizyon for the purchase of ATV-Sabah from the Savings Deposit Insurance Fund amounting to 34% of the aggregate purchase price. Likewise, Halkbank has also supplied project financing for the same amount. Accordingly, as to the declaration made by Turkuaz, out of the whole investment of US\$ 1 billion 250 million, the amount of US\$ 750 million has been supplied by Vakifbank and Halkbank, US\$ 375 million by Calik Holding and US\$ 125 million by Al Wasaeel International Media Company, a subsidiary of Qatar Investment Administration.
- Garanti Bankasi which has opened its mortgage company last year has recently set up Turkey's first mortgage call center. General Manager of the Bank has expressed that consumers may contact the call center, ask the experts who have specific knowledge on mortgage operations for their assistance, ask for comparison of different products and make loan applications simultaneously. According to the dailies, the Bank displaying the top range in mortgage products and acting as the market leader with its slice of 13.8% is targeting to upgrade its level by 14.5% by the year end.
- TEB, having been the second largest Turkish bank with the fastest acceleration in opening up branches last year, started this year with a good performance and established 16 branches in the first quarter of 2008. TEB had opened up 103 branches last year.

NEWS RE ENERGY SECTOR

- Turkey is counting down for the nuclear power plant that has been in the country's agenda over the past 40 years. For the high budgeted investment, Canadian AECL, the Japan Hochtief, the French Vinci Corp and the Belgian Suez-Tractebel recently have purchased tender specifications.
- The French Legrand has gained the controlling stake in Estap Elektrik which is activating in electricity equipments and structural cable systems making 60% of its turnover through export to Eastern Europe and Middle East.

NEWS ON PRIVATIZATION

- The winner of the tender called for the sale of land known as the old liquor plant in Mecidiyekoy with 23 thousand 711 m² survey area adjacent to Ali Sami Yen Stadium is Kiler REIC. Kiler REIC has bid TRY 295 million 700 thousand for the tender.
- The Privatization High Council has approved the sale of Tekel Tobacco to BAT for US\$ 1.2 billion.

TELECOMMUNICATION SECTOR NEWS

- It has been reported in the dailies that Mehmet Emin Karamehmet, is about to sell his shares in Turkcell amounting to 4.1% to the foreign investors in order to be able to settle with Yapi Kredi Bankasi of the amount equal to US\$ 222.9 million and TRY 3 million.
- The Competition Board has approved the purchase of the entire stake of Flextronics Logistics by Anel Telekomunikasyon on grounds that the transaction does not escalate a dominant position in the market.

Highlights

a. Banking Sector Highlights

b. News re Energy Sector

c. News on Privatization

d. Telecommunication Sector News

e. Other News

OTHER NEWS*cont'd.*

- As per the dailies, the Savings Deposit Insurance Fund has reached an agreement with Demirel Group on transferring its companies back. It has been declared that the Fund has agreed with the Group on the terms that an amount of TRY 62.4 million was collected, all court cases against the Fund be waived, and management and auditing of 9 companies formerly transferred to the Fund be returned to the Group. Nevertheless, it has been noted that lawsuits relating to Egebank will survive.
- Temsa, has formed its first plant abroad which was launched in last February together with Lasheen Group. With the target of becoming a regional power, Temsa has entered into the Egyptian market. The production plant has a production capacity of 1,000 buses and minibuses. Temsa aims to engage in marketing activities in Egypt and its sister states as well as conducting exports to North Africa, Middle East and Gulf Countries that have free trade agreements with Egypt. The plant has been established through the partnership of Temsa and 35% participation of Lasheen Group, a well-known plastic producer in the Middle East.
- Upon its buy-out of Gallaher Group shares in return for US\$ 15 billion, Japan Tobacco International (JTI) has kicked off producing LD brand of Gallaher Group in its Torbali plant. JTI has put the tobacco premises on sale founded by Gallaher in Izmir, Menemen that have an investment volume of US\$ 30 million and switched the production gradually to Torbali premises. JTI, after its purchase of Gallaher, has a market slice of 16.4% as of March 2008.
- HSBC, which set up its factoring company in April 2007, is about to engage in leasing business and plans to effectuate its leasing company in the following days.
- 2nd Administrative Court of Ankara has ruled the stay of execution of its former decision banning Turcas Petrol to participate in tenders for a term of 1 year which has been published in the Official Gazette on 15 October 2007.
- USA's second largest bank, Bank of America, has declared a huge downfall in its profit corresponding to 77% for the first quarter which has frustrated all those who were expecting the markets to overcome the crisis. According to the statement made by the Bank, its profit that had been amounting to US\$ 5.26 billion in the first quarter of the last year, has declined to US\$ 1.21 billion (23 cents per share), and Bank's revenue has dropped by 6%. The Bank has linked the high rated downfalls to its losses on the ground of mortgage and consumer loans as the other banks including Citibank and JP Morgan. It has been noted that the Bank is expecting such losses to continue and they have no clue as to whether the crisis will end up at short terms.
- The Competition Board has refused to grant block exemption to the exclusivity agreement that has been executed among Roche and Sistem Saglik Ecza Deposu, warehouse of medicals, due to exceed of the threshold of 40% market share. Nevertheless, the Board has granted individual exemption for a term of 5 years. Meantime, the Competition Board has approved transfer of 20% stake of Italian Banca IMI in Global Menkul to Global Yatirim Holding.
- It has been reported in the dailies that the closing of the sale of 50.8% of Migros is awaiting the approval of the competition authority of Kazakhstan.

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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 & 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 & Demirhan, a full-service law firm based in Istanbul.