

TABOGLU, ATES & DEMIRHAN

Newsletter

CAPITAL MARKETS HIGHLIGHTS

- As per the dailies, demands for the public offering of Albaraka Turk were over TRY 7.1 billion. Including the green shoe option, the offer ratio has been determined as 20.57%. The Bank has derived TRY 223 million 450 thousand revenue from the offering. The price for each share has been determined as TRY 4.1 which is the ceiling price. 63% of the offered shares has been allocated to foreign investors whereas 37% has been allocated to domestic investors. The Participation Bank's shares have started trading on the Istanbul Stock Exchange as of 29 June 2007, with the code of "ALBRK".
- Pursuant to the dailies, Mr. Turan Erol who steps in as Mr. Dogan Cansizlar's substitute since termination of his term of office has been appointed as the Chairman of the Capital Markets Board. The Decision of Council of Ministers relating to the appointment of Mr. Erol has been published in the Official Gazette on 28 June 2007. According to the decision, Mr. Erol has been appointed to this position until the residual term of his membership, i.e. 8 February 2009.
- According to the weekly bulletin of the Capital Markets Board, the Board has approved the sale of 50% stake in Is Portfolio Management by Is Bank to Is Invest in return for TRY 30.5 million.

PRIVATIZATION UPDATES

- As per the dailies, 8 offers have been submitted for Petkim Privatization Tender by the intended bidders for the block sale of 51% of Petkim shares namely Carmel-Limak, Trans Central Asia Petrochemical, Zorlu, Hokan Chemicals, Calik-IOCL, Naksan-Torunlar-Toray-Kiler, Firat Plastik and Socar & Turcas.

BANKING SECTOR NEWS

- The Banking Regulation and Supervision Agency has granted a permission for transfer of the shares owned by Koc Finansal Hizmetler in Yapi Kredi Faktoring, Yapi Kredi Finansal Kiralama and Yapi Kredi Bank Azerbaijan Joint Stock Company to Yapi ve Kredi Bankasi through share exchange procedure in accordance with Article 19 of the Banking Law No. 5411 and Article 5 of the Regulation on Merger, Acquisition, Spin-off and Share Exchange of the Banks.
- As stated in the dailies, Akbank and Citibank have opened their ATM nets to the correlative usages of their clients. Akbank and Citibank have signed an agreement for the joint use of ATMs. Clients of both banks can use the ATMs of either bank for cash drawing and strike balance transactions.
- As per the dailies, financing amounting to approximately Euro 200 million has been obtained from the World Bank's resources under the guaranty of the Turkish Treasury for the financial project of Small and Medium Size Enterprises which will be applied by TSKB and Halkbank. The Turkish Treasury has stated that the project has been approved by the World Bank on 19 June 2007 and the loan and guarantee agreement have been signed on 22 June 2007.

- The Chairman of the Banking Regulation and Supervision Agency has noted that the operational risk which will bring capital adequacy requirements for the banks according to BASEL II has come into effect as of 1 July 2007.

Highlights

a. Capital Markets Highlights

b. Privatization Updates

c. Banking Sector News

d. Energy Sector News

e. Telecommunication Highlights

f. Other News

ENERGY SECTOR NEWS

- As per the dailies, the Energy Market Regulatory Authority has approved the application of Petrol Ofisi Akdeniz Rafinerisi, the new company which has been established by Petrol Ofisi, relating to the construction of a refinery in Ceyhan. POAS will be granted the license upon obtaining the environmental impact assessment report, final feasibility and refinery project file within 90 days. The Chairman of the Authority has stated that the refinery will have 10 million tonilato of the annual capacity of processing petroleum and it will cost US\$ 3 billion investment expenditure.
- Zorlu Energy has reached a settlement with General Electric on Turkey's biggest wind power plant project that will be constructed in Bahce, the district of Osmaniye by Zorlu Energy. The Chairman of Zorlu Holding has stated that after setting up the natural gas plants in Turkey, Russia and Israel, Zorlu Energy will collaborate in the project of wind power plant, having 135 megawatt capacity, which will be constructed in Osmaniye with General Electric Energy.

TELECOMMUNICATIONS HIGHLIGHTS

- According to the dailies, Turk Telekom has purchased whole shareholding of Argela Company, the affiliate of Sanko Holding, which engages in designing and installation activities of new generation network structure in return for US\$ 14.5 million.
- According to the statement sent by Turkcell to the Istanbul Stock Exchange, the financial position of Astelit Ltd, a subsidiary of Turkcell having its registered office at Ukraine, will be restructured and the negotiations with the creditors of the syndicated loan which has been granted thereto, amounting to US\$ 390 million, has been started.

OTHER NEWS

- Pursuant to the dailies, the 6th Administrative Court of Istanbul has dismissed the case which has been filed by Turgay Ciner for the suspension of execution of the decision to seize ATV and Sabah Group by the Savings Deposit Insurance Fund. As a result of dismissal, the management and supervision of 63 companies owned by Ciner Group have remained with the Fund. It is reported that Ciner would appeal the decision before the Administrative District Court. The Chairman of the Fund has stated that Sabah and ATV will be sold via sale asset method at the latest by end of this year.
- The World Bank Board of Executive Directors has approved a US\$ 322.15 million loan in support of Turkey's Istanbul Municipality Infrastructure Project. The Project's main objectives are to improve solid waste management in Istanbul Metropolitan Municipality, retrofit key facilities and infrastructure to strengthen the earthquake resilience, and upgrade institutions and procedures to respond to emergencies. The loan is made available to the Istanbul Municipality and is guaranteed by the Turkish Treasury. It is denominated in US\$, has a 15-year maturity, including a 5-year grace period, and its rate of interest is the six month LIBOR plus a fixed spread.
- Zorlu Yapi Yatirim has signed a loan agreement with an amount of US\$ 400 million for the financing of Zorlu Center that will be built on the land of the 17th District Office of Highways. The loan package holds the distinction of being the highest amount of loan which is granted by a single bank at once in Turkey in order to build up a real estate project.

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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