

TABOGLU & DEMIRHAN

Newsletter

BANKING SECTOR HIGHLIGHTS

- Eurobank Tekfen has gained TRY 17 million net consolidated profit within the first quarter of 2009. Pursuant to the statement made by the Bank, its total assets and extended loans along with factoring and financial leasing receivables have been reflected in its consolidated balance sheet as TRY 3 billion 591 million and TRY 1 billion 290 million, respectively, while its total deposit has reached TRY 1 billion 726 million. Furthermore, the Bank has increased its equity capital to TRY 450 million in same period.
- The Chairman of the Banking Regulation and Supervision Agency has stated that the net profit of the banking sector has increased by 30% and reached to TRY 7.2 billion within the first four months of 2009 whereas such profit was TRY 5.5 billion in the same period of the previous year. He has added that the average capital adequacy ratio of the banks has been 19% by the end of April 2009 with an increase of 2% compared to the same period of 2008. Total assets, extended loans and total deposits of the sector comprising of 45 banks are TRY 724.3 billion, TRY 462.1 billion and TRY 364.7 billion, respectively.
- According to the announcement made by the World Bank, the Bank has approved the grant of the First Electricity Sector Development Policy Loan amounting to US\$ 800 million to Turkey, which is aimed to support the Turkish national electricity strategy and implementation of the electricity sector reform program. Accordingly, the program will improve the country's sustainable electricity supply mechanism, ensure the financial viability of the electricity sector, increase the operational efficiency and improve the energy efficiency in the supply and consumption.

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- It has been reported that the World Bank has granted Turkiye Kalkinma Bankasi and Turkiye Sinai Kalkinma Bankasi the funds amounting to US\$ 600 million for financing of renewable energy investments. US\$ 500 million has been contributed by International Bank for Reconstruction and Development while US\$ 100 million has been provided by Clean Technology Fund.

ENERGY MARKETS NEWS

- According to the dailies, the UK based Heritage Oil, a natural gas and oil exploration company, will incorporate a new company worth of US\$ 5.5 billion through a merger with Genel Enerji, a group company of Cukurova Holding, for oil exploration activities in Northern Iraq. According to the letter of intent signed between Genel Enerji and Heritage Oil, each party will hold 50% stake in the company, the trade name of which is determined as HeritaGE Oil Plc.
- ExxonMobil has announced that the Turkish Government has approved the agreement signed by and between the Company and TPAO for oil exploration in two deepwater regions of the Black Sea amounting to 8,500 m². Under the agreement, ExxonMobil will hold 50% stake in each of these two regions.

CAPITAL MARKETS UPDATE

- A new Draft Tender Offer Communiqué is prepared by the Capital Markets Board. Accordingly, the Draft Communiqué regulates the principles concerning mandatory and optional tender offers in public companies, the determination of the bid price, principles on optional tender offer and exemption procedure for the mandatory tender offer.

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Highlights

- a. Banking Sector Highlights*
- b. Energy Market News*
- c. Capital Markets Update*
- d. Telecommunications Sector News*
- e. Other News*

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- Pursuant to the announcement made by Turkcell in the Public Disclosure Platform, Turkcell has provided guarantee up to US\$ 59 million for the loans granted to its subsidiaries FinanCell B.V. and Kule Hizmet. The facility will be available for 1 year.

TELECOMMUNICATION SECTOR NEWS

- Pursuant to the dailies, Turk Telekom has filed a lawsuit for the stay of execution and cancellation of the decision of the Competition Board regarding the application of Bare ADSL which enables the customers to subscribe for ADSL service without a land line, before the 13th Chamber of Council of State. The decision of the Board has ruled that the necessity of a land line for Bare ADSL connection is in violation of the Law on the Protection of the Competition.
- As per the dailies, Turkcell has filed two separate lawsuits against the Information and Communication Technologies Authority for the cancellation of the Authority's decisions regarding the call ending fee tariffs and retail prices.

OTHER NEWS

- As per the statement made by Tekfen Holding, Tekfen Insaat, a group company of Tekfen Holding, has executed an agreement of US\$ 225 million for the construction of 92 km oil pipeline in Shah-Asab Coast Petrol Fields located in Abu Dhabi. It has been mentioned that the estimated period of the work is 42 months and the works will start on 15 June 2009.

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- Pursuant to the dailies, the preliminary injunction provided by Elektromed for the prevention of the forfeiture of its guarantee letter granted to Ankara Metropolitan Municipality for the tender on privatization of Baskent natural gas distribution has been lifted by Ankara 20th Civil Court of First Instance. The Company had become the second highest bidder with a bid of US\$ 1 billion 550 million in the tender held on 14 March 2008. Further, upon the decision of the Court, Ankara Metropolitan Municipality has applied to Kuvvet Turk Bankasi in order to forfeit the letter of guarantee. However, the Bank has not made the payment and the Municipality is expected to file a complaint against the Bank before the Banking Regulation and Supervision Agency.
- According to the statement made by the Chairman of Sedes Holding in the promotion meeting of Gratis Personal Care and Cosmetic Stores, the Holding will launch a new company and invest US\$ 100 million therein. The Company will engage in activities in personal care, cosmetic, perfume and food products. He has also remarked that by the end of 2009, the Company is expected to reach 20 retail stores whereas it aims to open around 500 stores within 5 years and employ around 5,000 employees.

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.

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