

TABOGLU, ATES & DEMIRHAN

Newsletter

CAPITAL MARKETS HIGHLIGHTS

- As per the dailies, Yapi Kredi Faktoring has received US\$ 60 million loan via “club deal” from the international markets in order to use such funds in domestic factoring transactions. As per the announcement, the agreement was signed on 5 June 2007 and the loan has a maturity term of one year and one week provided with the participation of Akbank, Alfabank, Landesbank, Citibank, Garanti Bank, Isbank, Natixis, Standard Bank and Raiffeisen.
- As per the dailies, the Istanbul Stock Exchange is becoming increasingly attractive for global investors, with their share of total transactions in the exchange expanding from the year-end level of 38.5% in 2006 to 44.8% as of the first five months of 2007. Foreign investors made transactions at the value of US\$ 48.9 billion from January to May and net US\$ 3.6 billion in purchases in the first five months of 2007. They bought stocks amounting to US\$ 26.3 billion and sold amounting to US\$ 22.7 billion within this period. The total trade volume on the stock exchange for the given period was US\$ 109.3 billion.
- Pursuant to the dailies, Turkish Derivatives Exchange is nominated for stock exchange award. Futures and Options Week has presented the Exchange as nominee for the “year’s most improved derivative instruments exchange award”. The award winner will be announced at the International Derivative Vehicles Week in London on 19 June 2007.

PRIVATIZATION UPDATES

- The Law Amending Law on Natural Gas Market has been published in the Official Gazette and come into force on 12 June 2007. The Law allows the privatization of EGO, the natural gas distribution company of Ankara Metropolitan Municipality. The Municipality will establish a new company within three months and at least 80% of this new company will be privatized within two years.

BANKING SECTOR NEWS

- The Banking Regulation and Supervision Agency has issued new rules to increase licensing requirements for housing finance institutions. Accordingly, the paid in capital of such companies cannot be less than the amount required for establishment of development and investment banks, TRY 20,000,000. The firms should establish departments for internal audit, risk management and early warning systems. Furthermore, in addition to the annual reports, the interim period financial figures of these companies will also be audited by independent audit companies at the end of June and the audit reports must be sent to the Agency before 15 August 2007.
- As per the dailies, the net profit of Sekerbank for the first quarter of 2007 has reached TRY 36 million 857 thousand which was TRY 12 million 241 thousand for the same period of the last year.
- Pursuant to the dailies, HSBC Bank has around 72,000 Small and Medium Sized Enterprises clients, to which the bank is planning to extend loans amounting to approximately US\$ 800 million. HSBC has over 65 branches in Turkey and aims to reach 350 branches by 2010. As per the announcement of the Corporate and Investment Banking Deputy General Manager, the Bank aims to increase its SME market share from 4% to 10%.
- As per the weekly bulletin of the Capital Markets Board, the Board has approved the capital increase of Albaraka Turk from TRY 215 million to TRY 269.5 million and its public offering application. Therefore, the shares representing the capital amount of TRY 54.5 million of the Albaraka Turk will be registered for the public offering.

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Highlights

a. Capital Markets Highlights

b. Privatization Updates

c. Banking Sector News

d. Energy Sector News

e. Other News

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- The Monetary Policy Committee of the Central Bank of Turkey has decided to keep short term rates unchanged. The Committee has declared the overnight borrowing rate is kept at 17.50% and the lending rate is at 22.50% level. On the other hand, the interest rate on overnight and one-week maturity borrowing facilities provided for primary dealers via repo transactions has remained stable at 21.50%.

ENERGY SECTOR NEWS

- Pursuant to the dailies, Petrol Ofisi, one of the petroleum distribution companies, has announced that it will establish a new company for the new refinery and then re-apply for licensing. The Company has also sent a statement to the Istanbul Stock Exchange announcing that it has decided to renew its application for the refinery license application to the Energy Market Regulatory Authority.
- As per the dailies, Gama Holding will build three new steam power units that will run with natural gas in Europe. These three units will be built in Ireland, Shatura (Russia) and Skopje (Macedonia). Gama Holding has declared that the cost of these three projects would be US\$ 600 million.
- As announced by the Minister of Energy and Natural Resources, the agreement between Turkey and Turkmenistan with respect to the construction of a natural gas pipeline carrying Turkmen gas to Europe will be revised in the light of recent developments. Additionally, the Minister has stated that Turkmenistan will double electricity allocation provided to Turkey and has added that Kazakhstan's national oil company Kazmunaigaz is willing to build a refinery in Ceyhan.

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- The 10th Annual International Energy Conference, "East Meets West", jointly organized by Foreign Economic Relations Board and Cambridge Energy Research Associates, is scheduled to take place on 26-28 June, in Istanbul. Moreover, the 2nd International Hydrogen Energy Congress and Exhibition will also be held in Istanbul on 13-15 July.

OTHER NEWS

- Pursuant to the dailies, Efesan Group subsidiary Metallink has acquired 99.9959% of Sisecam Group in Ferro Dokum in consideration of US\$ 80.5 million. Ferro Dokum's operations, with an annual production capacity of 40,000 tons, are mostly automotive sector oriented.
- According to the dailies, Eczacibasi Group has signed a cooperation agreement with Erdal/Rew, a subsidiary of German Werner & Mertz Group, one of the largest producers of household cleaning materials in Europe. According to the agreement, Eczacibasi will be the sole distributor of several brands of Werner & Mertz in Turkey, such as Frosch cleaning products, Emsal cleaner and Erdal shoe-care products.
- The long awaited "Insurance Law" has entered into force. The Law, which was approved on 3 June 2007 by the Parliament, has been approved by the President and published in the Official Gazette on June 14. The Law has mainly introduced new corporate standards for the insurance and reinsurance companies.

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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