

# TABOGLU & DEMIRHAN

## Newsletter

### **BANKING SECTOR HIGHLIGHTS**

- Kuwait Turkish Participation Bank, one of the leading participation banks in Turkey, has gained TRY 44.7 million net profit within the first quarter of 2009. Pursuant to the statement made by the Bank, the Bank has increased its capital stock by 79% to TRY 730 million and expanded its total assets by 34% to TRY 5 billion 897 million as of the end of the same term. Furthermore, the total amount of cash loans granted by the Bank has increased by 12% to TRY 4 billion 115 million in comparison with the first quarter of 2008. The amount of funds collected by the Bank through current and participation accounts has reached to TRY 4 billion 617 million with an increase of 42%. Accordingly, the number of branches and employees of the Bank have also reached to 113 and 2,270, respectively.
- The amount of the total assets of Denizbank has reached to TRY 35.3 billion with an increase of 15% within the first quarter of 2009, and its net profit has increased by 48% to TRY 126 million in comparison to the last year's first quarter. The Bank has increased its equity capital by 6% to TRY 2.4 billion within the same period. Pursuant to the statement made by the Bank, the Bank's consolidated capital sufficiency ratio is 15.29% and ratio for conversion of deposits into loans is 141%. The Bank has aggravated its deposits by 9% to TRY 12.8 billion and its consolidated loans by 16% to TRY 18.2 billion in comparison with the last year's first quarter. In addition, the amount of the loans granted by the Bank to the municipalities has reached to TRY 771 million. Finally, whilst the amount of the operation loans has reached to TRY 2.8 billion with an increase of 23%, the agricultural loans have grown by 77% and the financial support of the Bank to agriculture sector has reached to TRY 1.5 billion.

### **ENERGY MARKET NEWS**

- As per the statement made by Akenerji to the Istanbul Stock Exchange, the transfer of 37.36141% shares of Akenerji to Cez, a.s., a Czech company active in energy sector, has been completed. A share purchase agreement was executed among the shareholders of Akenerji and Cez, a.s. in October 2008 for the purchase of 37.36141% stakes of Akenerji in return for US\$ 302 million 627 thousand 424. The share transfer was completed upon obtaining necessary approvals set forth in the legislation and the agreement.
- According to the dailies, Rotor Enerji, a group company of Zorlu Enerji, has borrowed a loan amounting to Euro 130 million to be used for its wind power plant investment. In this respect, a loan agreement has been executed by and among Rotor Enerji, International Finance Corporation, European Bank for Reconstruction and Development, European Investment Bank, Denizbank and HSBC. As per the statement made by Rotor Enerji, Euro 55 million of the loan will be granted by International Finance Corporation and Euro 45 million by European Bank for Reconstruction and Development. It is contemplated that the power plant to be built in Osmaniye with a capacity of 135 MW will commence its operation by the second half of 2009.

### **PRIVATIZATION NEWS**

- As per the statement made by the Energy Market Regulatory Authority, the electricity distribution services being provided in 45% of the cities in Turkey will be transferred to private companies by the end of 2009. It has been further stated that the privatization projects started in 2008 will be finalized within 2009 and in addition to the privatization of distribution services, electricity generation facilities are also contemplated to be privatized.

#### *Highlights*

*a. Banking Sector Highlights*

*b. Energy Market News*

*c. Privatization News*

*d. Telecommunications Sector News*

*e. Capital Markets Update*

*f. Other News*

## TELECOMMUNICATIONS SECTOR NEWS

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- As per the statement made by the General Manager of Turk Telekom, Turk Telekom has made an investment amounting to TRY 4.5 billion including US\$ 500 million paid for the acquisition of AVEA, one of the GSM operators in Turkey, following the privatization of Turk Telekom. It has been further stated that Turk Telekom provides telecommunication services to 32% of the current market and aiming to expand its scope of services. It has also been emphasized that since the service prices determined by the Information and Communication Technologies Authority are lower than the contemplated investment amount of Turk Telekom, a proposal has been presented to the Authority for price guaranty to be applicable within the following 5 to 7 years. As per the statement, without any price guaranty, Turk Telekom will not be able to continue its current investments.
- According to the statement made by the General Manager of Turkcell, its income for the first quarter of 2009 has increased by 12% to TRY 2 billion 103 million and its profit before-taxes pertaining to the same period by 12.6% to TRY 774 million in comparison with the first quarter of 2008. However, Turkcell's net profit has decreased by 3.5% to TRY 563 million due to the adverse effects of the economical depression. In addition, within the year 2009, Turkcell will double the investment amount made in 2008, and is planning to make an investment amounting to TRY 2.1 billion for its telecommunication services, including the license fees to be paid.

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- Pursuant to the statement made by the Ministry of Transportation, the fixed considerations paid by the customers for the telecommunication services will not be cancelled due to the fact that these considerations are paid in return for the infrastructure investments of the telecommunication service providers.

### CAPITAL MARKETS UPDATE

- According to the dailies, although S&P/IFCI Turkey Type A Akbank Exchange Investment Fund's value has improved by 23% within the last 5 months and by 14.65% within the last month, Akbank has decided to apply to the Capital Markets Board for the liquidation of the fund due to the fact that it has not received sufficient demand from investors. The fund was offered by Akbank to public in November 2006. The fund's current total value is TRY 1 million 561 thousand, and 99.4% of it consists of equity and the remaining part consists of reverse repo. Sabanci Holding currently holds 31.38% of the fund and Citibank Overseas Investment Corporation holds 20% of it.

### OTHER NEWS

- As per the statement made by Goldman Sachs to the Istanbul Stock Exchange, Goldman Sachs, Tepe Insaat, Akfen Holding and Akfen Insaat, the shareholders of TAV Havalimanlari Holding, have principally agreed on the extension of deadline for exercising Goldman Sachs's put option right on its shares in TAV Havalimanlari Holding. Accordingly, Goldman Sachs will have the right to exercise its put option right until July 2011, instead of July 2009.

*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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