

TABOGLU, ATES & DEMIRHAN

Newsletter

NEWS REGARDING BANKING SECTOR

- The Undersecretariat of Treasury has confirmed the statement of the Ministry of Finance stating that US\$ 22 billion foreign capital has been injected in Turkey last year by an increase rate of 9.8%, and thus the biggest cash portion has been gained by the banking sector with an achievement of US\$ 19.19 billion. The said input has been assessed as a record surpassed when compared with previous years. The banking sector is being followed by manufacturing industry with an investment amount of US\$ 4 billion 199 million; by transportation, communication and storage services with US\$ 1 billion 119 million; by real estate sector with US\$ 905 million; and finally by mining sector with US\$ 341 million. It has been observed that the Netherlands and other EU countries are leading the interested investors list. When the spread of number of foreign capital companies throughout the cities is considered, Istanbul has been ranked as number 1 with 10 thousand 53 companies, followed by Antalya with 2 thousand 283 and by Mugla with 1 thousand 123 companies.
- Despite the loan crises in markets, ING Bank, which had entered the Turkish market through its purchase of Oyak Bank, has declared a remarkable profit of US\$ 2.6 billion. The Bank headquartered in the Netherlands has achieved US\$ 3.65 billion profit for the 4th quarter of year 2007. ING Bank's mortgage based loss has been halted on US\$ 283 million; whereas other global banking giants have declared US\$ 146 billion loss in the crisis.
- Akbank has obtained a 10-year loan from Proparco, a subsidiary of Agence Française de Développement of France, for a total amount of Euro 50 million in order to finance investment and financing needs of private sector companies.
- It is announced by Yapi Kredi Bank that the number of World card holders will increase to 10 million, upon the new agreement with Fortis Bank that enables Fortis Bank customers to hold World card.

PRIVATIZATION HIGHLIGHTS

- The Savings Deposit Insurance Fund has decided to liquidate 8 companies of Bilgin Group, all of which are active under the Fund's management, on the grounds that no benefit would be achieved in terms of collection of receivables. In the statement made to the Istanbul Stock Exchange by Medya Holding of Bilgin Group, it has been emphasized that continuance of companies' legal personality would not bring any profit in terms of collection of receivables and it has been decided to conduct initial proceedings for their liquidation.
- Sale of Sabah-Atv to Calik Group has been approved by the Savings Deposit Insurance Fund following the approval rendered by the Competition Board and the Radio and Television Supreme Council. The Savings Deposit Insurance Fund has granted 60 days to Turkuvaz A.S., the successful bidder representing Calik Group to pay out US\$ 1.1 billion. Calik Group has been the sole bidder of the tender called out on 5 December 2007. In the event that Calik does not deposit the offered amount within 60 days and renounce its bid, the collateral amounting to US\$ 110 million will be forfeited.
- British American Tobacco has won the tender for privatization of Tekel with its bid amounting to US\$ 1 billion 720 million. At the tender held through asset sale, Istanbul, Adana, Ballica, Bitlis, Malatya and Tokat tobacco premises have been sold by the Privatization Administration. The experts had assumed the price to be around US\$ 1.5-1.8 billion that have turned out to be true. Upon purchase of Tekel assets, British American Tobacco will increase its market share to 38% in the Turkish tobacco market.

Highlights

a. News regarding Banking Sector

b. Privatization Highlights

c. Telecommunication News

d. Capital Markets Update

e. Other News

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- The Savings Deposit Insurance Fund has declared that the usufruct right of the land with a surface of 25 thousand square meters in Tuzla where a shipyard is located will be put on sale on 27 March 2008 for a period of 49 years. It has been stated that bidders are obliged to undertake to continue shipyard activities.
- Recently, the Savings Deposit Insurance Fund has offered commercial and economical integrities of Esyem Eskisehir and Esyem Adapazari as well as Esen Makine for sale. The respective announcements have been published in the Official Gazette on 21 February 2008.

TELECOMMUNICATIONS NEWS

- One of directors of TeliaSonera, the major shareholder of Turkcell, has declared that they hope to get clear results from the international arbitration lawsuits that have been filed in Vienna and Geneva against Cukurova Group. He also has stressed that they do not intend to leave Turkcell and are willing to increase the share capital in the Company.
- Netone Telekom has purchased Turk.Net from Sabanci Telekom with the target of increasing its market share and thus became a major player in ADSL market.

CAPITAL MARKETS UPDATE

- The Chairman of the Capital Markets Board has stressed out that Istanbul is on its way to become a financial center, and thus 7 major global investment banks out of 10 have set up branches in Turkey. He has added that global interest is still continuing for investment in Turkey and in that respect world-famous banks have started to perform activities through their purchase of brokerage houses.

OTHER NEWS

- The Competition Board has rendered permission to Ulker for the acquisition of Godiva, a world-famous luxury chocolate brand. The Board has found no infringement which may conflict with the competition legislation. Ulker had purchased Godiva on 20 December 2007 in return for US\$ 850 million. The transaction has an extraordinary importance as for the first time a Turkish company has purchased a company with a world-famous leader brand.
- Batisoke Cimento has announced that it has offered bid for the sale of Set Group Holding, Set Beton Madencilik and Afyon Cimento which are directly or indirectly controlled by Ciment Français. Ciment Français which is under control of Italcementi, the largest cement manufacturer in Italy, is yet to examine its investments in Turkey and thus assess the opportunities including sale of its entire stakes in companies that have 4 cement premises, 1 cement grinding facility and 17 ready concrete facilities. The market value of Afyon Cimento, 76.51% stakes of which are currently owned by Ciment Français, corresponds to US\$ 122 million. In 1989, Ciment Français had entered the cement sector in Turkey through privatization of 5 cement plants.
- Sabanci Holding has declared that a letter of intend has been signed with regards to sale of shares of Beksa Celik, a 50-50% joint venture established with Bekaert of Belgium, to NV Bekaert SA. Bekaert shall pay Euro 40.3 million for 50% of Beksa.
- HSBC has been awarded as the most valuable banking brand mark by the finance periodical, The Banker.

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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