

TURKISH BULLETIN

Vladimir Bolze + 90 212 293 00 32

e-mail: vladimir.bolze@bnpparibas.com

ECONOMY & MARKET

MARKETS

At Tuesday's close, market situation was:

O/ N for ISE Repo market & TLR Interbank market		YTL/ USD
19.18%		1.3630
Most actively traded T-Bills		
Date	Maturity	C/ Rate
21/ 08/ 07	06/ 05/ 09	18.59%
ISE-100 index		ISE- 100 Ref \$
45,265		33.2

Central Bank

-CBT lowered its daily FX purchases ceiling from US\$40mn + US\$80mn optional to US\$15mn + US\$30mn optional due to volatility in global mortgage and credit markets.

Turkish Treasury borrowed YTL2.58bn (inclusive non-competitive bids) during the last two weeks through 3 auctions. It borrowed YTL791mn in 6-month reference YTL T-Bill at a compound yield of 18.58% with a cover/bid ratio of 2.71. It borrowed YTL34.1mn through the re-opening of the 5yr CPI Indexed Gov't bond at a compound yield of 10.57% and a bid/ cover ratio of 1.94. It sold YTL629.3mn through 5yr YTL denominated fixed coupon bond at a compound yield of 19.35% and a bid/ cover ratio of 1.75.

The Gov't Debt Stock reached US\$264.6bn in July07, up by US\$2.9bn on the back of weakening fiscal balance. The domestic debt stock is at US\$196.9bn and external debt at US\$67.7bn.

July Treasury cash-based Budget posted a primary surplus of YTL56mn down from YTL6.4bn in July06 while the consolidated budget turned into YTL5.5bn deficit from a cash surplus of YTL726m in July06.

June C/ A deficit came at US\$3.3bn, up by 15.7%YoY. Jan-June07 C/ A deficit reached US\$19.6bn, up by 0.1%YoY.

FDI inflows reached US\$11.8bn in Jan-June07, up by 31%YoY.

International investors were net buyers with US\$432.8mn on the ISE in July. In Jan-July period, net buy orders reached US\$4.1bn.

June Industrial Production posted a 1.8%YoY increase. Textile, metal products, unrefined petroleum products and chemical industries put pressure on the index.

July capacity utilization declined to 82.1% in July from 83.5% in June.

July Inflation figures; CPI declined by 0.73% in July and reached 6.9%YoY, all-time-low since 1970 driven by lower prices in "food and beverage", communication and clothing industries. PPI fell to 2.08%YoY.

CBT kept policy rates unchanged at 17.5% in August for the 13th consecutive month as its top priority remains the disinflation process and due to global volatility. The rates to be reduced in 4Q07 depending on the inflation risk factors.

Unemployment rate increased to 8.9% in 2Q07 from 8.8% in 2Q06.

Number of tourists increased by 16.6%YoY in July to 3.6mn. Total number of tourists in the first seven months of this year amounts to 12.8mn.

POLITIC, DOMESTIC & INTERNATIONAL AFFA

New Parliamentary Spokesman is Koksal Toptan, a moderate from the AKP. He was elected with 450 votes in the first round of voting, supported by opposition parties CHP and DTP.

Presidential Election was launched this Monday as the 367 MPs quorum was reached but none of the candidates reached the 2/3 threshold to be elected in the first round. Abdullah Gul, AKP candidate won 341 votes while Sabahattin Cakmakoglu (MHP) and

Tayfun Icli (DSP) got 70 and 13 votes, respectively. The second round will be held on August 24th.

IMF 7th and 8th Reviews to be delayed due to the Gov't busy agenda.

S&P confirmed Turkey's credit rating over the next 6-12 months but warns against post-election stability and C/A deficit financing, as global market conditions become more challenging.

Social Security reform to be finalized in 1H08.

SECTOR NEWS & PRIVATISATION

Bank

Abank's acquisition by Alpha Bank was cancelled as the necessary permit required from BRSA could not be taken.

Energy

TPAO, the national oil company involved in exploration, drilling and production to enter the distribution business.

Privatisations

Port of Derince; Global Yatirim Holding submitted a bid to acquire the operating rights of the port for the next 36 years. Other bidders are Akfen, Turkerler, Celebi Holding – Kocaeli Trade Chamber consortium and Limak.

Tekel Tobacco's privatisation to be launched soon.

Other

Migros; CarrefourSA confirmed its interest. Sale process to start in September.

POAS; Dogan Holding acquired 550k POAS shares on the ISE and increased its stake to 53.5%. Recall that since Feb07, Dogan bought a total of 3.5mn POAS shares while OMV acquired 10.95mn – OMV's share in POAS is 36.43% - reducing POAS free float to 11%.

SDIF plans to receive US\$1-1.5bn from the sale of Sabah Media Group, to be tendered soon.

COMPANY NEWS

TEB posted US\$70.8mn of net income in 1H07, up by 50% YoY. The bank's book value increased by 6% QoQ to US\$482mn. CMB approved the capital ceiling increase from US\$73mn to US\$661mn.

Albaraka Turk posted a bank-only net income of US\$23mn in 1H07, up by 12% YoY.

Akbank recorded YTL1.2bn of unconsolidated net income in 1H07, up by 29% YoY. Akbank received a EUR1bn syndicated loan at Libor +0.475% with a one-year maturity.

Bank Asya announced its 1H07 BRSA net income as US\$60mn, up by 71% YoY. The loans grew by 34% QoQ in 2Q07 to US\$3.1bn while total deposits reached US\$3.1bn, up by 14% QoQ. The bank's total assets were up by 17% QoQ to US\$4.1bn in 2Q07 whereas its book value reached US\$548mn, up by 7%.

Garanti Bank posted a 1H07 BRSA net income of US\$1.1bn, up by 200% YoY. The bank's total loans grew by 11% QoQ to US\$25.3bn in 2Q07 while its deposits (excl. bank depo) increased by 1% QoQ to US\$24.5bn. The bank's total assets increased by 7% QoQ to US\$25.3bn while its book value reached US\$4.6bn, up by 19% QoQ.

Halkbank announced its 1H07 BRSA net income as US\$392mn, up by 85% YoY while its book value decreased by 10% to US\$2.7bn.

Isbank recorded US\$560mn of BRSA net income in 1H07. The bank's deposits declined by 5% QoQ to US\$36bn while the loans increased by 2% QoQ to YTL31.1bn. The bank's total assets decline by 2% QoQ to US\$59bn. The bank's book value reached US\$7.7bn, up by 4% QoQ.

Sekerbank reported US\$45.4mn of BRSA net income in 1H07, up by 921% YoY. The bank's total assets increased by 6% QoQ to US\$4.9bn

in 2Q07 and its book value reached US\$381mn, up by 7%QoQ.

Tekstilbank announced YTL28mn of 1H07 net profit from a loss of YTL16mn in 1H06.

TSKB posted YTL56mn of unconsolidated net income in 1H07, up by 24% YoY.

Vakifbank reported US\$350mn of BRSA net income in 1H07, up by 34%YoY. The loans reached US\$14.5bn, up by 2% QoQ while total deposits increased by 1%QoQ to US\$19.6bn. The bank's total assets and book value increased by 3% and 7% to US\$39.2bn and US\$3.5bn, respectively.

Yapi Kredi Bank recorded a 1H07 net income of US\$293mn. The bank's book value increased to US\$2.9bn.

Arcelik recorded US\$2.5bn of net sales in 1H07, up by 6%YoY while its net income declined by 37% YoY to US\$79mn on the back of weak domestic sales, higher financial and tax expenses.

Beko Elektronik announced US\$463mn of revenues in 1H07, down by 29%YoY and a net loss of US\$20mn down by 41%YoY due to weak domestic demand, high financial and restructuring expenses.

Brisa posted US\$258mn of net sales in 1H07, up by 20%YoY with a net income of US\$19mn, up from US\$6.7mn in 1H06.

CarrefourSA announced US\$412mn of net sales in 1H07, up by 4%. It posted a net loss of US\$16mn, down from a net loss of US\$23.5mn in 1H06.

Celebi recorded US\$12.7mn of unconsolidated net profit in 1H07 on its tax purpose results, up by 55%YoY.

Erdemir announced US\$1.4bn of revenues in 1H07 on tax purpose results, up by 22% YoY with a net profit of US\$132mn, up by 17% YoY.

Hurriyet posted an unconsolidated net income of US\$34mn in 1H07 on its tax purpose statements, down by 20%YoY.

Migros reported US\$1.4bn of net sales in 1H07 on tax purpose results, up by 80%YoY, while its profit before tax reached US\$67mn, up from a loss of US\$14mn in 1H06.

Petkim announced 1H07 net sales as US\$784mn up by 5% and a net income of US\$53mn, up by 284% as it did not record any corporate tax due to past year losses.

POAS posted US\$4.4bn of net sales in 1H07, down by 2%YoY and an EBITDA of US\$207mn, up by 13%YoY. POAS recorded a net loss of US\$38.5mn in 1H07, down by 61%YoY due to a US\$200mn tax penalty recorded in 1Q07.

Tofas announced US\$1.2bn of revenues in 1H07 on tax purpose results, up by 6%YoY while its profit before tax reached US\$53mn, up from a loss of US\$21mn in 1H06.

Tupras recorded US\$6.8bn of unconsolidated net sales in 1H07, up by 4%YoY. Its EBITDA and net income rose by 22% and 52%YoY to US\$448mn and US\$355mn, respectively.

Turkcell posted US\$2.8bn of revenues in 1H07, up by 22%YoY while its net income reached US\$546mn up from US\$274mn in 1H06. The operator added 1.5mn net new subscribers in 2Q07 up from 0.5mn in 1Q07. Turkcell to apply for a pre-qualification to participate in the tender for the sale of a 26% stake in a telecom company which will hold the 3rd GSM license in Kuwait.

Turkish Airlines reported US\$81mn of unconsolidated net income in 1H07 on its tax purpose results, up from a loss of US\$51mn in 1H06.

Vestel's foreign and local currency Issuer Default Rating outlook was downgraded by Fitch from stable to negative due to a decline in profitability in the TV segment.

Sources: Anadolu Agency, Turkish Daily News, Merrill Lynch, Dışbank, Bender, Garanti Bank, Detay, MEED, DİE, Undersecretary of Treasury, CBRT, Yapi Kredi Yatırım, Finansın vest, Hurriyet, Sabah, Radikal, Akşam, Financial Times, Ege Yatırım, TEB Yatırım, Cumhuriyet.