

TURKISH BULLETIN

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ECONOMY & MARKET

MARKETS

At Friday's close, market situation was:

O/N for ISE Repo market		YTL/USD
14.45%		1.3295
Most actively traded T-Bills		
Date	Maturity	C/Rate
070406	050907	13.85%
ISE-100 index		ISE- 100 Ref \$
44,284		3.33

GDP and GNP: Fourth quarter figures indicate a 9.5% growth in GDP and 10.2% in GNP, leading to a surprising 2005 whole year growth of 7.4% and 7.6% for GDP and GNP respectively. The 2005 whole year growth totalled 8.8% for the private consumption and 24% for the investments. Despite a slow-down in the last quarter, construction was the highest growing activity in 2005 with 21.5% thanks to the robust housing demand. Agriculture posted 5.6% growth in 2005.

Industrial production rose 5% in February compared to the same month last year due to higher production levels in chemical industry, fabricated metal products, machines and equipment. As a result, the index level increased from 110.8 levels in January to 119 levels in February.

Inflation: In March 06, CPI rose by 0.27% MoM, and PPI by 0.25% MoM. MoM increase in CPI is almost identical of March last year (CPI rose by 0.27%). Thus YoY CPI remained unchanged at 8.18% in March'06.

The following table depicts the results of auctions held in the last 2 weeks:

Issue	Mat. Date	Mat. Month	Bid NTL* mn	Sales NTL* mn	Cov %	Net Sales NTL* mn	Ann. Comp Yield (%)
28/03/06	19/01/11	59	924	322	35	555	13.66
4/04/06	18/04/07	13	4,643	2,480	53	3,382	14.06
10/04/06	12/01/11	58	2,321	930	40	1,852	15.15

Expectations survey: CBT's CPI year-end expectation retreated to 5.76% from 5.78%. Current Account deficit increased to USD 25.9bn from USD 25.3bn while year-end growth increased to 5.2% from 5.1%.

CBT's FX reserves increased slightly to USD 58.3bn in the week ending 31 March reaching a new all time high.

Cash budget: The cash budget yielded USD 2.1bn of primary surplus in March. The overall budget posted a surplus of USD 0.4bn.

Turkey's **trade deficit** totalled USD 3.9 bn with a YoY increase of 46% in February. January-February trade deficit reached USD 7 bn level.

In February imports rose 16% YoY to USD 9.7 bn level slightly higher than while export rose marginally by 2.2% YoY to USD 5.8bn level.

Exports surged 13.8% YoY in March to an all time high monthly figure of USD 7.5bn according to Exporters Association data.

Ex-refinery gasoline prices are raised within a range of 6.8% and 7.03%, which is expected to reflect as 2.1-2.2% hike in pump prices.

POLITIC, DOMESTIC & INTERNATIONAL AFFAIR

IMF:

IMF's Director of External Affairs Thomas Dawson maintained that timing of the 3rd review depended on the completion of the social security reform at the Parliament. Maintaining that the IMF believed in decisiveness of the government to pass the reform at the Parliament, Dawson added that delays in the program happened from time to

time due to the Parliamentary calendar. The Parliament is expected to discuss the social security bills in the second week of April.

CBT:

PM Erdogan maintained that the government would name a new governor for the CBT to President Sezer, who had previously vetoed the

previous nominee. Erdogan added that if no consensus over the name can be reached, then works would continue under the deputy governor, i.e. Erdem Basci. He also stated that

the appointment was a technical issue, thus should not top the agenda.

SECTOR NEWS & PRIVATISATION

Credit Card:

The Central Bank set the maximum interest rates that can be charged for late payment of credit cards as 6.88% for NTL, 3.34% for USD and 3.05% for Euro. Anadolubank, Citibank, Garanti Bank, Finansbank and HSBC will have to lower their rates to 6.88% limit.

PRIVATISATION

Electricity Market Privatisation:

Discussion of the Electricity Bill in the Parliament is postponed for discussion of the Energy Report of the Audit and Exchequer Department in the commission. This is expected to delay the electricity distribution tenders to 2007. Meanwhile, it is reported that the technical works regarding the tenders are soon to be completed. The PA had planned to launch the tenders in May and hold the first tender within 6 months after the tender announcement.

Buyuk Tarabya Hotel:

Bayraktarlar Holding gave the highest bid with USD 145.3mn for Buyuk Tarabya Hotel tendered by the Privatization Administration.

Banking:

National Bank of Greece (NBG) and Fiba Group reached an agreement over the sale of 46% stake in Finansbank and 100 founder shares to NBG at a total consideration of US 2,774mn, of which USD 2,323mn relates to the 46% ordinary shares and USD 451mn relates to the founder shares. Accordingly, the deal price of USD 2,323mn for the 46% stake values the bank at USD 5,050mn (excluding

the founder shares). In this context, a Share Purchase Agreement was signed between Fiba Holding A.S., Fina Holding A.S., Fiba Factoring A.S., Girisim Factoring A.S. and National Bank of Greece S.A. on 3 April 2006.

Sekerbank Social Security Fund (parent of Sekerbank) announced on Monday that the dataroom will be available for potential bidders in Sekerbank by 10th April. Reportedly there are seven foreign banks interested in Sekerbank, three of which were short-listed. Reportedly Global Yatirim Holding is interested in the sale of Sekerbank and will be a candidate with the Italian bank Sanpaolo IMI. EFG Eurobank and Standard Bank have also been cited.

Denizbank: Reportedly there are seven parties that are interested in Denizbank. The named parties are Societe Generale, ABN Amro, Banca Intesa, Dexia, Deutsche Bank and two more French banks. Societe Generale is said to stand out among these candidates.

Halkbank: The Privatization Administration announced that Goldman Sachs/CAIB/Is Yatirim Consortium won the tender regarding selection of advisor for Halkbank's privatization. The advisory firm is expected to frame the privatization strategy in 2-3 months.

Eurobank is said to be in talks with two small-sized banks, namely Alternatifbank and Tekfenbank

Greek Alpha Bank is said to be in talks with Tekfenbank.

COMPANY NEWS

Isbank reported consolidated net earnings of USD 917mn in FY05 on BRSA basis vs USD 643mn in FY04. These results follow net earnings of USD 713mn on BRSA bank-only basis reported earlier. Total consolidated assets and book value stood at USD 51,970mn and USD 6,843mn respectively as of the end of 2005. Meanwhile, the bank's consolidated

ROAE came out at 14.6% in FY05 (vs 11.0% on bank-only basis). Moreover, net interest margin (adjusted for FX gains/losses and loan loss provisions) stood at 5.9% in FY05 on consolidated basis (vs 5.7% on bank-only basis).

Reportedly IsBank's CEO Ersin Ozince stated that they are not looking for foreign interest

and selling a majority stake for a foreign party, yet he added that it would be more appropriate to consider to expand in international markets that promise high potential.

Garanti: Reportedly Ferit Sahenk (The President of Dogus Group) stated that in order to reach a certain market share as a group, and besides Garanti's own growth as a bank, they are considering growing through the acquisition of a private bank in Turkey or abroad.

Yapi Kredi Bank: Kocbank acquired further 7.3% of YKB, extending its ownership in the bank to 65.5% (from 58.22% earlier). Kocbank valued YKB's 54.7mn shares (or 7.3% of the bank) as EUR275mn.

YKB secured a EURO 500mn subordinated loan from Merrill Lynch Capital Corporation at a cost of Euribor + %2 and a maturity of 10 years which is callable after 5 years.

Petrol Ofisi: Fitch has upgraded Petrol Ofisi's foreign & local currency ratings to "BB-" from "B+", country rating to "A" from "A-" with "stable" outlook.

Turkish Airlines raised its net income by 29%YoY to USD 103mn in 2005FY. The topline posted an 11% growth to USD 2.3bn in 2005. The airline's domestic flight revenues increased by 16% YoY to USD 512mn and international flight revenues by 13% YoY to USD 1.7bn thanks to increased traffic with an RPK growth of 17.9% YoY. The passenger load factor (PLF) stood at 73.6% in domestic flights and 71.1% in international flights. The GM's announced projections for 2006 are at USD 3bn and a net profit target of USD 150mn, indicating growths of 30% and 50%.

Enka posted USD 305mn in net earnings in 2005, in line with market consensus of around USD 309mn.

Consolidated revenues came at USD 3bn, signifying 59% expansion, YoY. Contracting revenues improved by 3%, while energy turnover soared by 171%, due to the full consolidation of power plants' financials in 2005. Real estate and retail revenues, both recorded in Russia, increased by 23% & 24%, respectively, thanks to the booming economy and rising incomes.

Aygaz: The revenues increased by 10% YoY to USD 3,107mn from USD 2,833mn in 2004.

The gross profit of the company expanded by 21% to USD 275mn from USD 228mn in 2004, due to the increasing distributor profitability following the cancellation of the distribution mark-ups by the petroleum market law, which became effective in January 2005. The improvement in gross profit without any significant increase in operating costs resulted in operating profit soaring up by 247% to USD 76mn from 2004's USD 22mn.

Turkcell, Amwal el Khaleej and Banque Misr have formed a consortium with respective 60%, 20% and 20% stakes to apply to the initial prequalification phase of the third GSM tender in Egypt.

Zorlu: The construction of Kozhuhovo Power Generation Plant with 170MW of installed capacity in Russia by Rosmiks LLC, which is owned by Zorlu Enerji's 51% subsidiary ICFS International LLC, will start

today. Furthermore Rosmiks LLC obtained the option right from Moscow Municipality to increase the capacity of this plant up to 550MW and another option right from Moscow Municipality to increase the installed capacity of an other Power Generation Plant in Tereskovo from 170MW to 340MW.

Tofas announced USD 105.8mn net income in its 12M05 IFRS financials. The realization indicated a 320% expansion from 12M04's USD 25.2mn, on the back of a positive EBIT, USD 27mn income from land sell-off booked in 2Q05 and increased net financial income. Top-line at USD 1,897mn indicated a 3% decrease YoY.

Koc Holding: Consolidated revenues increased by 9% YoY to USD 18.1bn with nonfinance revenues rising by 6% to USD 16.3bn and finance revenues by 43% YoY to USD 1.8bn. All non-finance divisions, except for the automotive and "other" segment, recorded positive YoY growth rates, with food&retailing was the leader with a 23% YoY revenue growth. Koc Holding announced its 2005 net profit at USD 445mn, 17% up from 2004's US\$ 380mn.