

TABOGLU & DEMIRHAN Newsletter

BANKING SECTOR HIGHLIGHTS

- In accordance with the report published by the Banks Association of Turkey, the number of employees working in the banking sector have decreased to 171,048. Assets of the banks in the total balance sheet of the first quarter of 2009 have increased by 19% compared to the same period of the previous year. As per the report, the number of branches have reached to 8,826 including the newly opened 36 branches. The number of active internet banking customers have also increased by 18% and reached to 5.4 million.

ENERGY MARKET NEWS

- A member of the Board of Directors of Koc Holding has declared that the Holding will invest over US\$ 1 billion in Tupras within the forthcoming 4 years. The reason of such investment is their belief in clean energy and respective rules of the European Union.
- As per the dailies, the Ministry of Energy and Natural Resources will evaluate the license application made by Russian consortium Atomstroyexport for construction of the first nuclear energy plant of Turkey. The application of the consortium also covers construction of 4 reactors each with a capacity of 200 MW.
- The General Manager of Izmirgaz has stated that they are planning to make an investment amounting to US\$ 42 million in 2009 and 2010. The Company plans to provide natural gas to a further 43,260 apartments in Izmir in 2009. Moreover, Alsancak, Ataturk Mahallesi, Uckuyular, Esenyali, Guzelyali, Poligon, Postacilar Mahallesi and Cigli are the new regions where natural gas will be provided in 2010.

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- The Energy Market Regulatory Authority, the regulatory authority, has decided that the petroleum prices are not determined in accordance with the Petroleum Market Law by the distribution license holders. As per the decision which has been announced in the official website of the Authority on 1 June 2009, the pricing for the purchase and sales of petroleum shall be constituted in line with the nearest accessible global free market conditions. Accordingly, in case any risk arises from the agreements and activities which may result in hindering, disrupting or restricting the competitive environment and delivery in the petroleum market, the Authority shall be authorized to determine a base and/or a ceiling price and take the necessary measures to apply on regional or national basis. Such applications of the Authority shall not exceed two months in each time. The Authority has finally ruled that the license holders should change their petroleum prices until 20 June 2009. In case the license holders do not comply with the Authority's decision, it will either initiate an investigation and/or determine a ceiling price.

TELECOMMUNICATIONS SECTOR NEWS

- The Head of the Information and Communication Technologies Authority, the regulatory body, has announced that approximately a number of 4 million subscribers have applied for number portability during the last 6 months and 92% of the applications have been realized. He has further stated that necessary systems and infrastructure of 3G are almost finalized by the GSM operators.

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Highlights

*a. Banking Sector
Highlights*

b. Energy Market News

*c. Telecommunications
Sector News*

*d. Capital Markets
Update*

e. Other News

CAPITAL MARKETS UPDATE

- As per the announcement made to the Istanbul Stock Exchange by Tekfen Insaat, the Company has signed an agreement amounting to US\$ 165 million regarding construction and installation studies of low density polyethylene facility with a capacity of 300 thousand tones in Qatar. Accordingly, starting date of the project has been declared as 1 June 2009 and the completion date has been estimated as 30 months from this date.
- As per the weekly bulletin of the Capital Markets Board, 8 companies including Koc Holding, Is Bank, Izmir Demir Celik Sanayi, Ittifak Holding, Turkiye Sis eve Cam Fabrikalari, Soda Sanayi, Turkiye Sinai ve kalkinma Bankasi and Hektas Ticaret have obtained permissions from the Board for the issuance of share certificates. Accordingly, new shares representing TL 402,523,500 for Koc Holding, TL 323,053,671 for Is Bank, TL 25,500,000 for Izmir Demir Celik Sanayi, TL 5,000,000 for Ittifak Holding, TL 93,777,816 for Turkiye Sise ve Cam Fabrikalari, TL 579,000,000 for Soda Sanayi, TL 100,000,000 for Turkiye Sinai ve Kalkinma Bankasi and TL 11,907,943 for Hektas Ticaret have been issued upon the Board's approval.
- Dogan Holding and Ittifak Holding have applied to the Capital Markets Board for capital increase. Dogan Holding plans to increase its registered capital from TL 2,450,000,000 to TL 4,000,000,000 whilst Ittifak Holding intends to increase its registered capital from TL 5,000,000 to TL50,000,000.

OTHER NEWS

- As per the dailies, the Prime Minister has declared that their preparation for moving the Turkish Central Bank and other state banks' headquarters to Istanbul still continues. As a result of such changes, Istanbul shall be a financial center, which may compete with the biggest financial centers such as New York, Paris and London.
- The Turkish Union of Chambers and Commodity Exchanges has led a group comprising of Hak-Is, Turk-Is, TESK, TISK, Kamu-Sen, TIM, TUSIAD and MUSIAD to start a campaign in order to fight against the global financial crises through various discounts and special campaigns to be applied by brands such as AMPD, BMD, Exper, Temsa and Hyundai.
- Garanti Bankasi has received an award regarding innovation on payment technologies from a magazine, which is published by Financial Times. The Assistant General Manager of the Bank has stated that they were awarded as a result of their service on money transfers which are being realized through 2,600 Garanti Paramatik machines. Such service does not even require being the Bank's customer. It has also been stressed that the Bank and Multi Turkmall, a real estate company, have established Forum Bonus Card, which is the first card specialized for shopping malls. Forum Bonus Card will be used in Izmir, Mersin, Denizli, Trabzon, Aydin and Ankara and 16 new shopping malls, which are currently under construction and will also be included in Forum Card's program.

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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