

TABOGLU & DEMIRHAN

Newsletter

BANKING SECTOR NEWS

- Garanti Bankasi has been awarded as the most valuable bank with its market value of US\$ 18.32 billion and outpaced Akbank, which has held the leadership for 11 months beginning from 29 April 2009.
- Akbank declared that it expects a growth of at least 20% in loans and 16% in bank deposits. Bank's loans were TRY 43.2 billion in total on consolidated basis as of September 2009 and bank deposits were totaling to TRY 57.9 billion. These figures mean 12% retreat in loans and 6.6% increase in bank deposits as of the end of 2008. The General Manager to the Bank has stated that Akbank's performance would be the same as achieved in 2009. As per the dailies, the Bank's net profit pertaining to the first 9 months has been raised to TRY 2.02 billion with an increase of 36% in comparison to the preceding year.
- The Banking Regulation and Supervision Agency has embarked in new amendments with a view to weighting the requirements for incorporation of banks and in that context, amendments would be brought to the respective provisions of the Banking Law No. 5411 stipulating requirements to establish a bank. The draft law which was submitted to the Parliament last year contained provisions launching an increase of the minimum share capital amount from TRY 30 million to TRY 60 million for deposit banks by considering measures for world recession. The Agency plans to bring amendments to the draft and contemplates to increase these amounts for deposit banks and development banks. Accordingly, the minimum share capital amount is foreseen as TRY 150 million for deposit banks, and TRY 100 million for development banks. As a further amendment, the founders would be obliged to deposit at least ¼ of the admission fee corresponding to 20% of the minimum share capital.

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- Akbank and Bankpozitif have been granted with licenses to render consultancy services to its affiliates and subsidiaries in terms of banking affairs.
- National Bank of Greece, the owner of Finansbank, has enjoyed major benefits in Turkey whilst world's conglomerates have barely managed to survive with government aid. Pursuant to the dailies, in 2009 Finansbank's slice in NBG rose to 33% from 24%. The Vice Chairman to Finansbank has quoted that they are planning to set up 50 more branches in 2010 and offer employment opportunities to 1,250 people. The reasoning of growth despite the unfavorable economic conditions has been stated as the effective administration of the local management.
- The Kazakh bank BTS, one of the principle shareholders of Sekerbank, is announced to be sold out to Sberbank, a Russian bank and the respective negotiations will be kicked off within the second quarter of 2010. BTS, defaulting in its payments during the global recession, has led discussions with its creditors recently in December 2009. Within the restructuring period, BTS plans to complete the legal documentation until the end of January 2010 and ask for the final opinion of its creditors until 1 April 2010. BTS currently holds 33.98% stake in Sekerbank.

CAPITAL MARKETS UPDATES

- Market on private company bonds and commercial paper gains movement on the grounds that respective Turkish capital markets legislation has been simplified and the interest rates fall to single-digits. It has been stated that treasury bonds and taxation were other main tools giving rise to the movement.

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Highlights

a. Banking Sector News

b. Capital Markets Updates

c. Other News

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- The Capital Markets Board has decided to lift the mandatory dividend distribution for public companies trading on stock exchange relating to 2009 activities. According to the Board's decision dated 27 January 2010 and numbered 02/51, the distribution will be realized within the policies disclosed by the relevant companies, provisions set forth under their articles of association, and the principles determined under the Communiqué with Serial IV / No: 27. It has been announced that companies which are obliged to prepare consolidated financial statements shall compute their net distributable dividends by considering their net profit of the periods, set forth under the consolidated financial statements, to the extent that they are covered by the sources in their statutory statements. In terms of periods applicable for dividend distribution, if the dividends are distributed in cash, the distribution shall be realized until the end of the 5th month subsequent to the accounting period.
- The Capital Markets Board announced that no restrictions shall apply to guarantees, pledges and mortgages (TRI) provided by companies trading on the stock exchange in favor of (i) themselves, (ii) subsidiaries fully consolidated during preparation of the financial accounts, and (iii) third parties for the purposes of carrying out ordinary business affairs. Outside the above mentioned scope, the companies cannot provide TRIs, and the already given TRIs shall be diminished to zero level as of 31 December 2014. Companies trading on the stock exchange are to launch amendments to their articles of association, which contain provisions enabling them to provide TRIs, in their first ordinary general assemblies.

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- Incentive certificates of Arcelik, active in white goods sector under Koc Holding, with a total amount of TRY 719.7 million for 5 plants have been approved by the Undersecretariat of the Treasury. According to the statement released by Arcelik to the Public Disclosure Platform, investments to be made within the next 4 years shall benefit from exemptions of customs duty, value added tax, and 50% discount in corporate tax, and also from insurance premium supports for a period of 2 years. In addition, territorial investment incentive certificate for one of its subsidiaries active in electronics sector with a total amount of TRY 73.6 million has also been approved.
- Ceylan Giyim has announced that it has executed a new protocol with Is Bankasi. Pursuant to the statement released by the Company to the Public Disclosure Platform, the protocol has been signed on 25 January 2010, according to which the maturity of payment of its debts has been extended to 48 months, and the preceding protocol has ceased to have force.

OTHER NEWS

- Renova starts to provide consultancy services to InvestHK, Hong Kong Yatirim Destek Kurumu, as its sole advisor. The Company shall provide service to Turkish investors in terms of incorporation procedures of companies in Hong Kong, investment opportunities and business lines that may be available for them in Hong Kong. InvestHK is a public institution aiming to provide support to foreign companies planning to enter Hong Kong market.

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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.