

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

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- According to the announcement made by the Privatization Administration, no offer has been submitted to the tender for the privatization of 56.09% shares of Borusan Boru through block sale method.

BANKING SECTOR NEWS

- On 10 August 2009, the Banking Regulation and Supervision Agency has posted the third issue of the report named Structural Developments in Banking Sector. According to the Report, total assets in the banking sector have increased by 4.9% compared to the end of 2008 and reached to TRY 768.2 billion as of June 2009. Furthermore, the number of bank branches and the number of employees recruited in the banking sector have reached 9,374 and 182,468, respectively.
- Ziraat Bankasi, Turkey's largest state-owned bank, has announced that in the first half of 2009, the Bank's net profit has urged by 61% compared to the same period of the last year and reached to TRY 1.785 million. Meanwhile, Halkbank, another state-owned bank, has also announced that the Bank has achieved TRY 787 million profit with an increase of 22.6% in the first half of 2009 in comparison with the same period of 2008.

- Is Bankasi, the largest private bank in Turkey, has announced a consolidated profit of TRY 1.4 billion for the first half of the year, which is the highest figure among private banks in Turkey. Meanwhile, Vakifbank has stated that it has achieved 26% increase in its net profit in the first half of 2009 compared to the same period of last year and the Bank's net profit has reached TRY 595 million. Fortis Bank has announced that the Bank has made TRY 112 million profit in the first half of 2009.

- TEB has announced that the Bank has participated in the Continuous Linked Settlement, a multi-currency cash settlement system eliminating settlement risk for foreign exchange payment transaction, as a third-party participant. According to the announcement, the settlement system is being operated since 2002, and TEB is the first bank in Turkey to join the system as a third party participant.
- The Banking Regulation and Supervision Agency has posted that the operating license of Best Factoring was cancelled by the Agency since the Company has failed to adopt the provisions of the Regulation on Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies within the determined period.

CAPITAL MARKETS UPDATE

- The Capital Markets Board has rendered a new resolution regarding transaction ban on 12 August 2009, which has amended the resolution dated 29 September 2007 and numbered 35/1022. According to the Resolution, the Central Registry Agency's records shall have priority in transactions that are carried out following the loan receivables of an intermediary institution which are unperformed. With the Resolution, the intermediary institutions have been released from notification requirement for security sales in stock exchanges upon the non-performance of loan receivable of the intermediary institution. Moreover, the unlisted shares will be converted into banned shares if the unlisted shares in the accounts of banned clients are not liquidated within 1 month as of the Board's decision.

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Highlights

a. Privatization Highlights

b. Banking Sector News

c. Capital Markets Update

d. Energy Market News

e. Other News

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- As per the announcement made by Sabanci Holding, the Company has decided to sell its 64.99% shares in ToyotaSA to ALJ Lubnatsi, a Saudi Arabian company. It has been stated that the total transaction price will be approximately US\$ 85 million and the transaction shall be completed upon the receipt of necessary approvals. After the sale transaction, Toyota Motor Europa and Mitsui&Co will keep their 25% and 10% shares in ToyotaSA, respectively.

ENERGY MARKET NEWS

- According to the dailies, the Ministry of Energy and Natural Resources has stated that the tender for the Turkey's first nuclear power plant is in process and it will likely be finalized in September. He has also added that the project will be launched when the parties agree on the price of the electricity to be generated by such power plant, and price negotiations will take place between Turkish and Russian officials. Furthermore, he has stated that the shares to be held by the State in such a project shall be up to 25%, and the offered guarantee period granted by the State to purchase electricity shall be 15 years.
- As per the announcement made by Turk Prysmian Kablo to the Public Disclosure Platform, the Company has become the winning bidder of the tender for provision and installment of equipments for a transmission line between TEIAS Yarimca-1 and TM/TUPRAS for TUPRAS. The Company has further stated that the tender price is TRY 9.220 million and duration for protection is determined as 300 days; however, the relevant agreement has not been signed yet.

OTHER NEWS

- The General Communiqué on Corporate Tax regarding the merger of small and medium-sized enterprises has been published in the Official Gazette on 13 August 2009 and has become effective on the same date. The Communiqué has launched a new incentive program to encourage mergers between SMEs. According to the Communiqué, the incomes of SMEs will be exempt from corporate tax until 31 December 2009 and will be subject to the reduced corporate tax for the following 3 fiscal years in the event of merger. The Communiqué applies to enterprises established under the Turkish Commercial Code that recruit 10 to 250 people whose annual net sales volume is not above TRY 25 million or whose total assets are less than TRY 25 million.
- Calik Maden has executed a "shareholders and cooperation agreement" with Anatolia Minerals Development, a Canadian company. Accordingly, Calik Maden will purchase 20% shares of Cukurdere Madencilik, an affiliate of Anatolia Minerals Development. Cukurdere Madencilik holds the operating license of Copler Goldmine, which is active in Ilic, Erzincan.
- According to the dailies, the Ministry of Industry and Trade has allocated Euro 146.8 million for 47 projects to be realized in 33 cities within the scope of the Regional Competitiveness Program. It has been stated that 75% of the said amount will be financed through European Union's sources and the remaining amount will be funded from national budget.

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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