

TABOGLU & DEMIRHAN

Newsletter

BANKING SECTOR UPDATES

- As per the statement made by Finansbank to the Istanbul Stock Exchange, the Bank has decided to sell all of its shares in Finans Malta Holdings Ltd., its subsidiary in Malta, to NBG International Holdings B.V. in return for Euro 185 million and such payment will be made in cash and in advance. Currently, NBG is holding 94.73% and IFC is holding 5% of Finansbank shares, whilst the free float ratio of Finansbank has decreased to 0.27%.
- Certain material provisions of the agreement executed among Fortis, BNP Paribas and the Belgium Government in October 2008 regarding the sale of 75% stake in Fortis to BNP Paribas and 25% stake in Fortis to the Belgium Government have been recently negotiated. According to the amended agreement, the provisions regarding the sale of 75% of the shares of Fortis' banking activities in Belgium, Turkey, Poland and France to BNP Paribas have been preserved and the agreement will be submitted to the shareholders of Fortis for their approval on 11 February 2009.
- The draft law amending the Banking Law has been submitted to the Council of Ministers for approval. It has been stated that the draft law removes the obligation of the support service institutions to make applications to the Banking Regulation and Supervision Authority in order to obtain authorization, and mitigates the provisions preventing incorporation of financial holding companies. The aim of the draft law is to amend or remove the restrictions on loan issuance of banks, their activities abroad and employment of senior management, and to improve fund collection opportunities of development and investment banks.

ENERGY SECTOR NEWS

- As per the dailies, the privatization process of Baskent Elektrik Dagitim, the electricity distribution company for 7 provinces including Ankara, has been completed. Accordingly, 100% shares of BEDAS have been transferred to Enerjisa on 28 January 2009, in return for US\$ 1.225 billion. BEDAS is currently serving 3 million subscribers with an electricity consumption amount of 10 million MW. It has been declared by the Chief Executive Officer of Sabanci Holding that half of the purchase price will be paid in advance and the remaining amount will be paid in two installments in 2010 and 2011.
- As per the statement made by Zorlu Enerji to the Istanbul Stock Exchange, Petrogas, a company 73% shares of which are owned by Zorlu Enerji, has been granted an oil exploration license by the General Directorate of Petroleum Affairs for 4 years to conduct its exploration activities for the Marmara Region number 1.
- Pursuant to the investment program of the Government for the year 2009, the investments to be made in the energy sector have been increased by 17% and accordingly, the investments will be at the amount of TRY 2.8 billion. The major investments will be made by the State Waterworks Administration in several projects relating to dams and hydroelectric power plants with a total amount of TRY 1.16 billion. The remaining investment fund will be distributed among electricity production, distribution and transmission companies, namely EUAS, TEDAS and TEIAS as well as, among others, the General Directorate of Electrical Power Resources Survey and Development Administration, the General Directorate of Highways and the Ministry of Energy and Natural Resources.

Highlights

a. Banking Sector Updates

b. Energy Sector News

c. Capital Markets News

d. Other News

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- The Consortium of Global Yatirim and Energaz, which was the winning bidder in the Baskent Dogalgaz tender with its bid amounting to US\$ 1.61 billion has not paid the respective amount to purchase Baskent Dogalgaz in due time. Accordingly, Ankara Metropolitan Municipality has decided to attach the security amount due to non-payment of the tender price by the Consortium. However, upon the Consortium's request, the court has granted a preliminary injunction for the security amounting to US\$ 50 million. It is expected that the Municipality shall object to the decision of the court in the following days.

CAPITAL MARKETS NEWS

- The Communiqué regarding the Principles on Infrastructure Real Estate Investment Trusts has been published in the Official Gazette dated 29 January 2009. The Communiqué regulates, among others, procedures and principles with respect to the incorporation and founders of infrastructure real estate investment trusts, licenses for portfolio management activities, organizational structures and registration of the capital markets instruments to be issued by the trusts with the Capital Markets Board.

OTHER NEWS

- The Communiqué regarding Tender Applications has been published in the Official Gazette on 28 January 2009. The Communiqué regulates the complaint procedures and principles under the Public Procurement Law and the implementation of the Regulation regarding Tender Applications. *cont'd.*

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- The Law No. 5831 amending the Title Deed Law and Certain Other Laws has been published in the Official Gazette on 27 January 2009. Pursuant to the Law, the lands that are considered as 2-B regions, which are no longer deemed to be forestry areas, will be registered in the name of the Treasury following their zoning transactions. Such 2-B lands may be subject to allotment and unification by the General Directorate of Title Deed and Zoning upon request of the Ministry of Finance, without taking into consideration whether or not they were previously registered.
- The Law on Deletion of Records of the Checks without Provision, Protested Bills and Debts for Loan and Credit Cards has been published in the Official Gazette on 28 January 2009. According to the Law, the Central Bank shall erase the records of the debtors who have paid all of their already due debts to the banks prior to the effective date of such law or who will pay or restructure such debts within 6 months of its effective date. Upon deletion of such records, these records shall not be taken into consideration for the purposes of loans, issuance of checkbooks and other transactions by the banks, financial leasing companies, factoring companies and consumer financing companies.

- The Chairman of the Board of Directors of Agaoglu Group Companies has declared that they are planning to make investments over US\$ 1 billion and approximately US\$ 3 billion in tourism and housing sectors, respectively. He has also noted that they are expecting to realize the sale of 1 thousand residences in the first 2 months of 2009 despite the financial crisis.

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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