



July 4, 2003

PRESS RELEASE

As it is known, the license of Turkiye Imar Bankasi T.A.S. to perform banking activities and accept deposits has been revoked upon the decision Nr: 1085 dated July 03, 2003 of the Banking Regulation and Supervision Board (the Board), pursuant to Article 14 /3 of the Banks' Act Nr. 4389, due to the fact that the Bank could not timely fulfill its obligations, that it did not take the required measures, and that continuation of its banking activities would have posed a danger to depositors' rights as well as the safety and soundness of the financial system and accordingly, the management and control of the said bank has been transferred to the Savings Deposit Insurance Fund (SDIF) in accordance with Article 16/1 of the Banks Act.

With the aim of informing the public, making the following announcement has been deemed appropriate.

Measures that shall be taken concerning banks which have become financially distorted and unable to fulfill their obligations due to several reasons and which would jeopardize depositors' rights as well as the safety and soundness of the financial system if allowed to continue banking activities, are stipulated in Article 14 of the Banks Act.

In applying the said article, there are two basic alternatives. The first is the transfer of the banks' ownership to the Fund and the second is the revocation of the banks' license to perform banking activities and accepting deposits. On the basis of the findings available, the Board, which is the decision body of the Agency, evaluates the banks' status by taking into account the criteria such as the asset and liability structure, the effect thereof to the confidence in, and stability of, the system and rights of depositors as well as all other domestic/foreign creditors and implements the measures having the least cost to the public.

In the practice of the above-mentioned first alternative, the ownership of the bank is transferred to the Savings Deposit Insurance Fund and all on- and off-balance sheet liabilities of the bank are taken over by the Savings Deposit Insurance Fund, and thus depositors and other creditors of the bank demand their receivables from the Savings Deposit Insurance Fund. In the practice of the second alternative, the management and control of the Bank is transferred to the Fund within the scope of Article 16 of the Banks Act, the Fund repays the savings deposits subject to insurance to depositors and demands the bankruptcy of the bank in exchange of the said repayments and carries out the liquidation procedures.

Along these lines, the Board gives due consideration to all other aspects, with depositor rights being at the forefront, in making resolutions and accordingly conducts necessary procedures. Likewise, the situation of İmar Bankası T.A.Ş. was carefully evaluated by considering the afore-mentioned issues. Since about 80% of the bank's assets was directly or indirectly extended to the majority shareholders and nearly all off-balance sheet liabilities undertaken by the bank was related to the said Group, it was concluded that the revocation of the bank's license would minimize its possible adverse effects on the whole economy as well as the cost burden to the public and accordingly the bank's license was revoked. Henceforward, the SDIF will repay all savings deposits liabilities of the bank to its depositors and carry out the liquidation procedures of the bank. As all savings deposits accepted by the bank are covered by the deposit insurance, payments will be made after completing the preparations in the shortest time possible and the depositors will be informed of how the payments will be made.

In conclusion, by the resolution made, the management and control of İmar Bankası T.A.Ş. has been transferred to the SDIF so as to be liquidated following repayment of whole savings deposits to the depositors of the bank.. As all savings deposits in banks are under the cover of the insurance, there is no need for depositors to worry about their accounts and to have recourse to transactions which may incur losses to them.