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PRESS RELEASE ON İMAR BANKASI TAŞ

As it is known, upon the Resolution dated July 3, 2003 Nr. 1085 of the Banking Regulation and Supervision Board (Board); the license of T. İmar Bankası T.A.S. to perform banking activities and accept deposits has been revoked in accordance with article 14 (3) of the Banks Act due to the fact that the Bank could not timely fulfill its obligations, that it did not take the required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 jeopardize depositors' rights as well as the safety and soundness of the financial system and the said bank's management and control has been transferred to the Savings Deposit Insurance Fund (SDIF) in accordance with Article 16(1) of the Banks Act

Extraordinary deposit movement of the Bank was started to be recognized after June 12. Two of the Board members had to resign as period for holding office prescribed in the law was completed as of June 13; and no appointments were made to the Second Presidency of the Board which was vacant due to the appointment of Mr. İbrahim ÇANAKÇI to the Undersecretariat of the Treasury, only four members were in charge in the Banking Regulation and Supervision Board from June 13, 2003 till July 1 on which an appointment was made to such vacancy. Accordingly, even the meeting of the Board was not possible legally as the Board members have to reach five in number for a meeting to be held according to the Banks Act. The Council of Ministers appointed a member to the Board on July 1, 2003, and the said member started his duty on July 2, 2003 following his oath taking. On the same date, appointments were made in places of the members of the Bank's Board of Directors who resigned as a whole on June 26, 2003 and the license of the Bank to perform banking activities and accept deposits was revoked on July 3, 2003.

ISSUES DETERMINED ON T. İMAR BANKASI T.A.S.

- Most of official records of the Bank are not submitted to the BRSA, SDIF and new management of the Bank.
- Total deposits of the Bank amounts to TL 753.544 billion according to the last daily summary balance sheet prepared and sent to the BRSA and other institutions by the Bank on June 25, 2003.
- However, as a result of the examinations made in the Head Office and branches on a depositor basis, it has been determined that the amount notified to related institutions by the Bank does not reflect whole of the savings deposit; and the real amount is higher than the above-mentioned.
- Besides, in the examinations made on computer records which could be obtained and deciphered, it has been determined that;
 - Many accounts were opened on the dates close to July 3, 2003 intensely through transmittances abroad,
 - Transactions oriented to past were made through data processing system,

- Treasury bills were sold to customers by the Bank, but the provision for bills sold are not available in the accounts of the Bank, the Central Bank of the Republic of Turkey and Settlement and Custody Bank.
- Studies to reach at official records are continuing.
- All institutions are in full coordination in order to provide solutions quickly for depositor problems regarding İmar Bankası T.A.Ş. Accordingly, studies required are carried out in cooperation with the Government, Ministry of Finance, The Undersecretariat of Treasury, the Central Bank and Capital Market Board as well as all other relevant authorities and institutions,

ACT NR. 4969

With regulations made by the Act “Amendments to be Made to Some Acts and Decree Laws Nr. 4969” published in the Official Gazette and entered into force on August 12, 2003, increase of deterrence on illegal transactions, acceleration of collection and determination of the principles and procedures regarding the ability to make payments to depositors were targeted.

TRANSACTIONS MADE FOR THE PAYMENT OF THE DEPOSIT SUBJECT TO INSURANCE GUARANTEE

1. Determination Studies:

Following the appointment of the new management to T. İmar Bankası T.A.Ş. by the SDIF, most of the official documents were not submitted by the previous management and as a result of the examinations made afterwards it has been understood that there are deposit accounts which are not included in official records of the bank.

Accordingly, information and documents obtained from all branches were collected in a single center and examinations on depositor basis were initiated for the determination of real depositors. Upon the need of the confirmation of depositor information during the said examinations, depositors having deposit accounts in the Bank were asked to certify their accounts through applying to Pamukbank T.A.Ş. branches. Problems that occurred during the continuation of the said transactions were removed as soon as possible, public were informed continuously through press releases, besides web page of our Agency was continuously updated and questions of depositors were tried to be answered.

A total of 303.122 depositors applied to the related centers between the dates August 4-19, 2003 and information on accounts amounting to 356.000 have been submitted to “Pamukbank T.A.Ş. Application Offices”. Number of branches which could be applied on Saturdays has been increased to 165 and number of “Pamukbank T.A.Ş. Application Offices” operating on working days has been increased to 73 in order to decrease the overcrowding of transactions. Application Offices are announced on web site of our Agency (www.bddk.org.tr), web site of Pamukbank T.A.Ş. (www.pamukbank.com.tr) as well as T. İmar Bankası T.A.Ş. and Pamukbank T.A.Ş. branches.

Following the finalization of the examinations, public will be informed regarding the transactions to be made in accordance with the Act Nr. 4969.

2. Provisions Brought Forth With the Act Nr. 4969 As Regards the Payments:

By the Act Nr. 4969; regulations regarding the payment of the savings deposit in banks, license to perform banking activities and accept deposits of which are revoked pursuant to the Banks Act, in accordance with the principles and procedures to be determined by the Council of Ministers upon the joint proposal of the Undersecretariat of the Treasury and the Savings Deposit Insurance Fund were accepted.

By the said regulation, prevention of the grievance of depositors is aimed, furthermore, it has been provisioned that the way and timing of payments shall be determined by the Council of Ministers by taking into account financing opportunities of the Fund, indebtedment and debt management strategies as well as economic program targets being practiced.

POSITION OF TREASURY BILL OWNERS

Within the scope of insurance guarantee, it is not possible to make any payment to Treasury Bill owners. However, what kind of measures can be taken regarding this issue are assessed with other public institutions in detail.

ACTIONS FOR THE PUNISHMENT OF RESPONSIBLE PERSONS

1. Notices of Crime Served

The BRSA and new management of the bank have served notices of crime against majority shareholders and former managers of T.İmarbank T.A.Ş. and against the directors of Merkez Yatırım ve Ticaret A.Ş. pursuant to the Banks Act, Turkish Penal Code and other legislation due to the following offences;

- Obscuring the computer program for one's benefit and with the purpose of harming the Bank; and preventing the banking services,
- In-whole resignation, and not transferring the securities, documents and information under the bank's possession,
- Offences committed by the Bank's owner and former managers: through methods of fraudulent presentation, having transactions unrecorded; injecting funds into İmar Bank Off-shore Ltd contrary to the provisions of the Banks Act and converting off-shore deposits into bank's deposits; understating the deposit figures notified to the public authority and with access to transactions aiming at tax avoidance; carrying out procedures in breach of the Banks Act and Turkish Penal Code and causing the public authority and customers to incur losses.
- Collecting money in the name of its customers through sales of treasury bills and government bonds although it does not have any in its portfolio,
- Not keeping the resolution books of the Board of Directors and the documents related with the bank's activities and so interfering the course of supervision, and not providing the documents and information requested by the SDIF and the newly-appointed Bank management,

and all information and documents including reports regarding the determination of the crime-constituting acts and transactions cited above along with their annexed information and documents were enclosed to the notice of crime submitted to the Public Prosecutor. Although only the notification of crime-constituting acts to the Prosecutor is enough, findings regarding the acts and transactions along with the related information and documents are also gradually

transferred to the concerned Prosecutors Offices. Care, solemnity and responsibility shown by the BRSA in serving notices of crime is so-shown in meeting the information and document requests made by the Public Prosecutor's Office and Courts.

2. The Provisions Brought Forth with the Act Nr. 4969 With the Purpose of Deterrence:

Excluding the right-holders who are to be made payments in accordance with the Act Nr. 4969, those who do not have savings deposits in bank but requesting payments to themselves or to any other persons by submitting documents forged by them or submitting counterfeiting documents so-known by them or making someone submit them, shall be sentenced to heavy imprisonment and fines.

ACTIONS FOR AVOIDING FRAUDULENT CONVEYANCE

1. Preliminary Injunction Judgments

Courts have rendered judgments of preliminary injunction on the tangibles, intangibles and receivables of majority shareholders and former managers of T. İmar Bankası T.A.Ş. license of which to perform banking activities and accept deposits was revoked and management along with control of which have been transferred to the SDIF and necessary procedures have been carried out.

Moreover, both new management of T. İmar Bankası T.A.Ş. and the SDIF have claimed preliminary injunction against the managers and representatives of Merkez Yatırım Tic. A.Ş., which was running the data processing system, due to the fact that they did not submit the kept information and documents to the bank's management and to the SDIF.

2. Provisions Brought Forth With the Act Nr. 4969 For Avoiding Fraudulent Conveyance:

With the Act Nr. 4969, where a difference is calculated between the savings deposit amount determined by the SDIF and the savings deposits covered by insurance included in accounts submitted by a bank, license of which to perform banking activities and accept deposits was revoked, to the competent authorities pursuant to Banks Act and Law on the Central Bank of the Republic of Turkey, the SDIF is granted an injunctive power over any tangibles, intangibles and receivables of majority shareholders and managers of the bank and those acting on behalf of them and of their spouses and children in proportion with this difference.

3. Procedures Carried Out In Accordance With the Act Nr. 4969:

An injunction was claimed from Şişli 2nd Magistrate Criminal Court for majority shareholders and managers of the Bank and those acting on behalf of them along with spouses and children thereof. The Court rendered an injunction judgment with the miscellaneous decision numbered 2003 / 426, over 63 natural persons and 56 legal entities.

ISSUES CONSTITUTING CRIME BUT FALLING UNDER THE COMPETENCE OF OTHER PUBLIC AUTHORITIES

1. Notices Served to the Ministry of Finance:

- i)** The Ministry of Finance was informed for further actions of the tax losses which may be incurred due to unrecorded transactions and of the interest income earned from deposits in İmarbank Offshore Ltd. established in Turkish Republic of Northern Cyprus.
- ii)** A copy of “Due Diligence Report on Legal Books and Accounting Records” drawn up by the Sworn Bank Auditors was submitted to the Financial Crimes Investigation Board (FCIB) with a view to ensure actions to be made to judicial authorities for the enforcement of the measures set out in of “Law on Prevention of Money Laundering”.

Upon the application made by the FCIB pursuant to the legislation regarding the prevention of money laundering and based on the request of Şişli Attorney General’s Office, a preliminary injunction was entered by Şişli 2nd Magistrate Criminal Court against the tangibles, intangibles and receivables of those concerned pursuant to Article 9 of the Act Nr. 4208 upon its decision dated August 1, 2003 and Nr. 2003/391.

2. Acquainting of the Relevant Authorities

Besides, about the findings obtained as a result of the due diligence performed,

- ✓ ü Ministry of Finance
- ✓ ü The Undersecretariat of the Treasury,
- ✓ ü The Central Bank of the Republic of Turkey
- ✓ ü The Capital Market Board
- ✓ ü Telecommunication Board

have been informed verbally and in written form and necessary actions have been taken by these authorities.

The State is making every effort in full-cooperation with its all institutions for the settlement of the existing problems. Accordingly, all powers granted by laws are being exercised. Thus, everyone should show the necessary care and sensitivity in making news and interpretations, which appear in the media.