



BANKING
REGULATION AND SUPERVISION
AGENCY

October 19, 2004

PRESS RELEASE

Upon baseless news and comments appearing in some media on our Agency, probably intentionally or due to lack of information, making the following announcement was deemed appropriate.

- By the Act Nr. 2020 dated December 26, 2003, the Banking Regulation and Supervision Agency (BRSA) and the Savings Deposit and Insurance Fund (SDIF) were established as two separate and independent legal entities. By the date this Act has entered into force, our Agency had no concerns on the transactions or protocols made by the SDIF and for the future also, such concern is out of question.
- Within the period before this Act has entered into force, on January 30, 2003, a joint protocol was signed between the Çukurova Group-SDIF and our Agency and entered into force. The explanations and main issues of the protocol were announced to the public on February 3, 2003 on our web-site. (www.bddk.org.tr/turkce/duyurular/basinaciklamasi/03022003_bddk.pdf) (www.bddk.org.tr/turkce/duyurular/basinaciklamasi/03022003_bddk_2.doc)
- Upon the proposal of the Çukurova Group on the early payment and restructuring of debts and the work accordingly carried out, three separate contracts were signed between the YKB and the Çukurova Group on July 20, 2004, between the SDIF and the Çukurova Group on August 8, 2004 and between our Agency and the Çukurova Group on August 8, 2004. It is unnecessary to mention that each contract was established through the approval of the authorized boards of the related parties.
- The complete text of the additional contract signed between the Çukurova Group and our Agency on August 5, 2004 was published in our web site according to the importance we give to transparency. (www.bddk.org.tr/turkce/duyurular/basinaciklamasi/19082004_bddk.pdf).

Being subject to criticisms of some media, claiming that the contract was kept confidential or concealed despite all these stated facts is not only sad but also worrying. Considering the fact that our Agency which has undertaken the function of supervising and regulating an important sector such as the banking sector, the sensitiveness to be adopted concerning news related to our Agency is considered as the expression of sensitiveness towards the banking sector, Turkish economy and also to the ethical values of those making this kind of comments.

- Besides the fact that the additional contracts signed by the SDIF and the BRSA consist of a re-payment protocol concerning the restructuring of the debt, the contract signed by our Agency aims at solving the ownership problem of the YKB and accelerating the sale process. As a matter of fact, important steps were taken regarding this issue and the sale process of the YKB was scheduled for three months earlier. Another difference of the contract signed by our Agency from the one signed by the other two institutions is that it is irrevocable. Accordingly, the sale schedule and procedure stated in the contract dated August 5, 2004 is conclusive and not-amendable whatever the circumstances.
- As a requirement of the said contract, Çukurova Group submitted a proposal to the SDIF as of October 15, 2004 in order to take the approval of the said institution on an investment bank which has international experience and with which it agreed on the purchase of YKB.
- As it is stated in the letter we sent to the ISE on October 13, 2004, additional contract dated July 20, 2004 which was made between YKB and Çukurova Group has been cancelled by the Bank as the Group did not obey to the payment plan. Results arose from the cancellation of the said contract are summarized as follows:
 1. Provisions of the Financial Restructuring Agreement signed on December 31, 2002 between YKB and Çukurova Group were re-adopted. According to the said contract; Group has to pay the interest debt which it is obliged to pay once a year on December 31, 2004. When the additional period comprised of 60 days is taken into consideration, the Group has to make the interest payment till March 01, 2005 together with penal interest arose from the contract. Default conditions shall appear in case the Group does not pay the interest. As it is seen, contrary to what is claimed on some media organs, gaining time for the Group against neither the BRSA nor YKB and shifting the payments due are out of question. Even if the additional contract had not been signed between the Bank and Çukurova Group, the above-mentioned payment plan would be valid and currently it is still so.
 2. Regarding the purchase of Turkcell İletişim A.Ş. and Turkcell Holding A.Ş. shares belonging to YKB, the provisions of the contract dated January 31, 2003 were re-adopted. Accordingly, Çukurova Group has the option to purchase the said shares on condition to pay the cost thereof in cash, single payment and in advance by January 31, 2005. This option will end as of February 01, 2005 and YKB will have the preference to sell the said shares to a third party at its discretion on the price it will determine.
 3. Çukurova Group does not have any right to repurchase Digitürk and Superonline shares. YKB has the freedom to sell the said two companies to persons at its own discretion pursuant to the decisions made by its competent organs.

Besides publishing on our web site the contracts to which the BRSA is a party; it also provided any information and explanation requested by Capital Market Board and ISE to date. While the attitude of our Agency regarding announcing the contracts dated both January 31, 2003 and August 05, 2004 to public, this explanation is required in order to confirm that these news and interpretations which are thought, with an optimistic point of view, to arose from insufficient investigation and confuse some terms and institutions with another.

Finally, we invite public institutions which are parts of the subject indirectly, to inform public correctly with the duty and responsibility consciousness belonging to them and to avoid from making superficial interpretations and statements before media which will lead misunderstanding.