



**BANKING REGULATION AND SUPERVISION
AGENCY**

**BANKS MANAGED BY
THE SAVINGS DEPOSIT INSURANCE FUND:
Performance and Progress Report**

August 24, 2001

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Banks Managed by the Savings Deposit Insurance Fund: Performance and Progress Report

a) Resolution strategy for the banks that are taken over by the SDIF

1. The table below summarizes the banks that have been taken over by the SDIF¹ during the last five years and the restructuring period for these banks.

Restructuring of the SDIF Banks

(Number of banks)

	1997	1998	1999	2000	2001 (As of report date)	Total
Banks taken over	1	1	6	3	7	18
Merged banks (1)	-	-	-	-	7	7
Sold banks (2)	-	-	-	-	2	2
License withdrawals	-	-	-	-	1	1
Banks that remain under SDIF	1	2	8	11	8	

Source: BRSA

1) Five banks have been merged into Sümerbank, two banks have been merged into Etibank. (2) refers to merged Sümerbank (six banks) and Bank Ekspres.

2. The current situation of 18 banks that have been transferred to the SDIF during 1997-2001, including their transfer dates to the SDIF, is summarized below.

The List of the Banks transferred to the SDIF

	Banks	Date of Transfer	Current Situation
1.	T. Ticaret Bank	November 6, 1997	Banking and deposit taking license was revoked as of July 1, 2001.
2.	Bank Ekspres	December 12, 1998	It was sold to the Tekfen Holding on June 30, 2001.
3.	Interbank	January 7, 1999	It was merged into Etibank on June 15, 2001
4.	Egebank	December 22, 1999	It was merged into Sümerbank on January 26, 2001.
5.	Yurtbank	December 22, 1999	It was merged into Sümerbank on January 26, 2001.
6.	Sümerbank	December 22, 1999	Merged Sümerbank was sold to the Oyak Group on August 10, 2001.
7.	Esbank	December 22, 1999	It was merged into Etibank on June 15, 2001.
8.	Yaşarbank	December 22, 1999	It was merged into Sümerbank on January 26, 2001.
9.	Etibank	October 27, 2000	The confidentiality agreement was signed on August 22, 2001 with the Koç Group and necessary permission was given for due diligence.
10.	Bank Kapital	October 27, 2000	It was merged into Sümerbank on January 26, 2001.
11.	Demirbank	December 6, 2000	Sale and transfer negotiations with HSBC expected to be finalized by September 20, 2001.
12.	Ulusal Bank	February 27, 2001	It was merged into Sümerbank on April 17, 2001.
13.	İktisat Bank	March 15, 2001	The confidentiality agreement was signed on August 17, 2001 with UniCredito Italiano Spa and necessary permission was given for due diligence
14.	Sitebank	July 9, 2001	The confidentiality agreement was signed on August 22, 2001 with the NovaBank S.A. and necessary permission was given for due diligence.
15.	Tarişbank	July 9, 2001	Transfer balance sheet is being prepared. These banks will be sold or resolved by year-end.
16.	Bayındırbank	July 9, 2001	Transfer balance sheet is being prepared. These banks will be sold or resolved by year-end.
17.	Kentbank	July 9, 2001	Transfer balance sheet is being prepared. These banks will be sold or resolved by year-end.
18.	EGS Bank	July 9, 2001	Transfer balance sheet is being prepared. These banks will be sold or resolved by year-end.

Source: BRSA

¹ Savings Deposit Insurance Fund (SDIF) was run by the Turkish Central Bank during 1983-2000, and was transferred to the BRSA on August 31, 2000.

3. As shown in the table below, the banks have remained under the SDIF's control for an average of 539 days before being sold. Bank Ekspres has stayed under the SDIF's control for 931 days, while duration period was 164 days for Ulusal Bank.

Duration Period under the SDIF for Banks that are sold

Banks	Date of Transfer	Date of Sale	Duration of stay under the SDIF (# of days)
Bank Ekspres	December 12, 1998	June 30, 2001	931
Egebank	December 22, 1999	August 10, 2001	597
Yurtbank	December 22, 1999	August 10, 2001	597
Sümerbank	December 22, 1999	August 10, 2001	597
Yaşarbank	December 22, 1999	August 10, 2001	597
Bank Kapital	October 27, 2000	August 10, 2001	287
Ulusal Bank	February 27, 2001	August 10, 2001	164
Average Staying Period under the SDIF			539

Source: BRSA

4. At the time of the writing of this report, there are eight banks under the SDIF's control. The names of these eight banks and their present status vis-à-vis the resolution process are summarized in the table below.

The Banks under the Control of the SDIF

Bank Name	Present Status
1. Demirbank	Sale to HSBC will be finalized by September 20, 2001.
2. Etibank (Merged)	The confidentiality agreement was signed with the Koc Group for due diligence.
3. İktisat Bank	UniCredito Italiano Spa has started the due diligence process.
4. Sitebank	The confidentiality agreement was signed with the NovaBank S.A. for due diligence.
5. Tarişbank	Sale and other resolution processes to start as soon as the transfer balance sheets are prepared.
6. Bayındırbank	
7. Kentbank	
8. EGS Bank	

Source: BRSA

5. The timetable determined for the banks for which the sale process has begun is summarized below.

The Sale Timetable for Some SDIF Banks

Banks	Phases of the Selling Process					
	Starting date for sale process	Deadline for application by interested investors	Deadline for the announcement of eligible potential bidders	Deadline for due diligence after confidentiality agreement	Deadline for submission of bids to the SDIF	Deadline for announcement of bidding results
Etibank	Aug 8	Aug 17	Aug 22	Sep 18	Sep 21	Sep 28
İktisat Bank	Aug 3	Aug 13	Aug 17	Sep 21	Sep 24	Sep 28
Sitebank	Aug 8	Aug 16	Aug 22	Sep 7	Sep 12	Sep 17

Source: BRSA

6. Our strategy is to reduce the number of SDIF banks from 8 to 4 by the end of September 2001, and to resolve all the banks under SDIF's control by year-end.

b) Details of recent bank sales

7. The details of Bank Ekspres sale are summarized below.

- The SDIF's 99.46 % share in Bank Ekspres was transferred to the Tekfen Group on June 30, 2001.
- The transfer was made by exclusion of some assets and liabilities items from the balance sheet. These include mainly commercial loans, part of securities portfolio and time deposits that are not used as collateral. Some assets including a TRL 40 trillion loan and non-performing loan portfolio and related interest and income accruals, and TRL 147 trillion affiliated assets, were transferred to Etibank based on book value. Similarly, some liabilities including TRL 381 trillion deposits and TRL 243 trillion loss from previous years, were also transferred to Etibank based on book value.
- The size of the transfer balance sheet was about TRL 199 trillion, which is equal to 51 percent of the total balance sheet value.
- Total value of shareholders' equity was equalized to zero in transfer balance sheet by leaving a loss of 35 trillion in the balance sheet.
- As of the date of transfer, the amount of total deposits left in the bank was TRL 319 trillion, of which TRL 141 trillion are SDIF deposits. SDIF deposits and accrued interest will be paid back to the SDIF in three installments by July 1, 2004.
- The Ekspres Bank's shares in the Ekspres Domestic and Foreign Consulting Services Corporation, Ekspres Financial Leasing Corporation and Ekspres Factoring Corporation were also transferred to the Tekfen Group.
- The buyer will merge the bank with Tekfenbank, include all the distributable profits to the capital base in the following year, and increase the amount of shareholders' equity on December 31, 2001 to the legal minimum of TRL 20 trillion.
- The buyer will not close any of the bank's branches, and will not reduce the number of employees.
- Cash and non-cash credits listed on the transfer balance sheet will be under the guarantee of the SDIF for one year after the sale date.
- The Fund will be responsible for all the lawsuits in which the Bank is a party to a suit before the transfer date and verdicts for all the possible lawsuits filed about the period before the transfer date.

8. The details of merged Sümerbank's sale are summarized below.

- The capital of merged Sümerbank² (total number of 133.4 billion equity shares with TRL 1000 nominal value each) was transferred to the Oyak Group.

² Merged Sümerbank consists of Egebank, Yurtbank, Yaşarbank, Bank Kapital and Ulusal Bank.

- A new asset structure was formed by exclusion of most of the loans and securities portfolio from the Bank's assets. These assets and liabilities compatible with the new asset structure were transferred to the Oyak Group. The Oyak Group has bought approximately TRL 2 quadrillion of the bank's balance sheet as of July 30, 2001 amounting to 1/3 of the total balance sheet value.
- The total value of shareholders' equity was equalized to zero on transfer date.
- Although shareholders' equity was zero on transfer balance sheet, OYAK will inject TRL 27 trillion capital.
- The 97.19 percent share in YADAŞ Computer and Software Corporation and minor shares in ISE Settlement and Custody Bank, CBRT, Türkiye Sınai Kalkınma Bank, Swift Sc., and Interbank Card Center were transferred together with the bank.
- 42 subsidiaries of Sümerbank (TRL 60 trillion book value) and over 1,000 immovable assets (TRL 45 trillion book value) were not in transfer agreement. These assets were transferred to the other SDIF banks.
- The amount of total deposits left in the bank was TRL 1,427 trillion, of which TRL 672 trillion belongs to the SDIF. The SDIF deposits will be paid back with accrued interests by June 12, 2002. The payback periods are determined compatible with the redemption dates of government bonds left in the bank.
- Interest charged on SDIF deposits will be 15 percent for the remainder of 2001 and the average of 6-month deposit rates offered by the five largest banks for January-June 2002. In addition, if net income of Sümerbank exceeds TRL 110 trillion as of December 31, 2001, 50 percent of this excess shall be transferred to the SDIF. On the other hand, if net income of the merged bank (Oyakbank+Sümerbank) exceeds TRL 110 trillion as of December 31, 2002, 37.5 percent of excess shall be transferred to the SDIF as an extra interest income.
- The Bank will merge with Oyakbank by January 15, 2002.
- Some of the off-balance sheet liabilities and related transactions such as letters of guarantees, letters of credits for import, letters of credits for confirmed exports, etc. were not transferred. However, 8 SDIF employees will manage and liquidate these transactions while the follow-up of commission fees will be carried out by the Bank.
- A key consideration regarding the sale process was the maintenance of banking activities with 136 branches and over 2,000 employees.

c) Financial Restructuring of the SDIF banks

9. As of July 31, 2001, the SDIF banks have TRL 24.2 quadrillion (\$ 18.3 billion) total assets, TRL 21.0 quadrillion (\$ 15.9 billion) total liabilities and TRL 3.2 quadrillion (\$ 2.4 billion) shareholders' equities.

Consolidated Balance Sheet of the SDIF Banks

(Trl TRL)

	April 30, 2001 (1) (4)	July 31, 2001 (2) (4) (a)	Last Five Taken over Banks (3) (b)	July 31 Total (a+b)
Total Assets	12,800	21,577	2,625	24,202
-Securities	3,234	8,054	280	8,334
-Loans	2,244	1,705	764	2,469
-Non-performing assets (net)	432	304	130	434
-Unsecured debts	667	1,618	58	1,676
-Secured debts	1,676	1,208	137	1,345
-Provisions	1,911	2,522	64	2,586
-Affiliated assets (net)	4,336	7,097	134	7,231
-Accrued income	856	2,840	518	3,358
-Other assets	1,698	1,577	799	2,376
Total Liabilities	17,909	18,198	2,773	20,971
-Deposits	13,020	13,594	2,466	16,060
-Interbank funds	1,568	2,340	79	2,419
-Credits	1,198	797	71	868
-Other liabilities	2,123	1,467	157	1,624
Shareholders' Equities	-5,109	3,379	-148	3,231
-Paid in capital	723	723	232	955
-Reserve funds	5,919	14,599	122	14,721
-Loss	-12,029	-12,172	-569	-12,741
-Other	278	229	67	296

Source: BRSA.

(1) Bank Ekspres, sold on June 30, 2001, is not included for the purpose of comparison. (2) Recently taken over five banks are not included for the purpose of comparison. (3) Includes recently intervened five banks, which were transferred to the SDIF on July 9, 2001, and calculations are based on provisional data (4) Includes T.Ticaret Bank which is currently in liquidation process.

Consolidated Income Statement of the SDIF Banks

(Trl TRL)

	April 30, 2001 (1) (4)	July 31, 2001 (2) (4) (a)	Last Five Taken over Banks (3) (b)	July 31, 2001 Total (a+b)
Interest Income on:	1,095	4,044	673	4,717
-Loans	399	648	418	1,066
-Claims on banks	143	151	87	238
-Securities	527	3,206	131	3,337
-Other interest income	26	39	37	76
Interest Expenses on:	2,696	3,679	742	4,421
-Deposits	2,401	3,282	677	3,959
-Interbank liabilities	189	259	32	291
-Other interest expense	106	138	33	171
Non-Interest Income	4,066	4,751	1,404	6,155
-Fees and commissions	45	77	30	107
-Income from capital market transactions	959	1,245	69	1,314
-Income from FX transactions	2,892	3,072	1,231	4,303
-Other non-interest income	170	357	74	431
Non-Interest Expenses	7,393	9,571	1,799	11,370
- Fees and commissions	18	30	14	44
- Loss from capital market transactions	1,038	2,020	11	2,031
- Loss from FX transactions	5,452	6,047	1,582	7,629
- Salaries and employee benefits	102	184	35	219
-Rental expenses	27	48	10	58
-Depreciation expenses	17	50	9	59
-Loan loss provisions	253	611	34	645
-Other	486	581	104	685
Income/Loss Before Tax	-4,928	-4,455	-464	-4,919
Provision for income tax	0	0	0	0
Net Income/Loss	-4,928	-4,455	-464	-4,919

Source: BRSA

(1) Bank Ekspres, sold on June 30, 2001, is not included for the purpose of comparison. (2) Recently taken over 5 banks are not included for the purpose of comparison. (3) Includes recently intervened five banks, which were transferred to the SDIF on July 9, 2001, and calculations are based on provisional data (4) Includes T.Ticaret Bank which is currently in liquidation process.

10. The capital base of the SDIF Banks has been strengthened by injection of government funds. The capital base of the SDIF Banks except the recently intervened 5 banks has been raised from TRL -5.1 quadrillion to TRL 3.4 quadrillion.

11. A major part of the SDIF Banks' total assets is composed of government bonds. The share of securities portfolio and affiliated assets (both mainly composed of government funds) in total assets is 64.3 percent.
12. As of July 31, 2001, total deposits of the SDIF Banks are TRL 16.1 quadrillion, corresponding to 66.4 percent of total assets.
13. The loss accumulation by the SDIF Banks is halted. As of July 31, 2001, accumulated total loss is TRL 12.7 quadrillion. Excluding the recently intervened 5 banks, the period loss decreased from TRL 4,928 trillion (\$ 4.2 billion) as of April 30, 2001 to TRL 4,455 trillion (\$ 3.4 billion) as of July 31, 2001.
14. Based on provisional data, total stock of losses of recently intervened 5 banks is TRL 569 trillion (\$ 431 million) as of July 31, 2001.

Losses of the SDIF Banks (1)

	12 / 00	03 / 01	04 / 01	05 / 01	06 / 01	07 / 01
	(Trillion TRL)					
Monthly losses			-1,603	506	-13	-20
Cumulative loss	-3,235	-3,325	-4,928	-4,422	-4,435	-4,455
Previous years' loss	-1,453	-7,042	-7,045	-7,363	-7,606	-7,716
Total loss	-4,688	-10,367	-11,973	-11,785	-12,041	-12,172
	(Million Dollar) (2)					
Monthly losses			-1,381	437	-10	-16
Cumulative loss	-4,815	-3,147	-4,246	-3,824	-3,540	-3,376
Previous years' loss	-2,163	-6,665	-6,070	-6,366	-6,071	-5,846
Total loss	-6,978	-9,812	-10,316	-10,190	-9,611	-9,222

Source: BRSA

(1) Recently taken over 5 banks are not included for the purpose of comparison. Bank Ekspres that is sold on June 30, 2001 is subtracted from all months for the purpose of comparison. It includes T.Ticaret Bank, which is currently in liquidation process. (2) For each period, end of the month CBRT FX buying rates are used for conversion.

15. The open position of the SDIF Banks has declined substantially. The net open position, which was about \$ 4-5 billion until May 2001, has retreated to \$ 600 million after the second half of May due to the injection of government bonds. The table below summarizes the developments of the net overall position of the SDIF Banks.

Foreign Exchange Positions of the SDIF Banks

(Million \$)	April 13	May 18	June 29	July 27
FX Position within balance sheet	-4,812	-2,764	-3,894	-3,353
FX indexed position	630	2,233	3,383	2,722
Sub-total	-4,182	-531	-511	-631
Forward position	-132	-116	-50	-48
Overall position (excluding last five banks*)	-4,314	-647	-561	-679
Overall position (last five banks*)				-165
Overall position (including last five banks*)				-844

Source: BRSA

(*) Five banks were transferred to the SDIF on July 9, 2001.

16. As of July 31, 2001, five recently intervened banks' share in SDIF Banks' total assets and deposits are 10.8 percent and 15.4 percent, respectively.

d) Overnight liabilities of the SDIF banks

17. The program that aims to reduce overnight liabilities of the SDIF Banks has been carried on decisively. In this context, the short-term liabilities of the SDIF Banks,

which was TRL 7.8 quadrillion as of March 16, 2001, have been reduced to TRL 5.8 quadrillion as of August 13, 2001.

18. There has been a very significant improvement in short-term liabilities to markets and customers other than the Central Bank. The share of short-term liabilities to markets and customers other than the Central Bank in total short-term liabilities declined from 66.7 percent in mid-March to zero by mid-August.

Short Term Liabilities of the SDIF Banks

	March 16, 2001		May 4, 2001		August 13, 2001	
	Quad. TRL	Share %	Quad. TRL	Share %	Quad. TRL	Share %
Central Bank	2.6	33.3	5.6	87.5	5.8	100.0
- Open Market Operations	2.6	33.3	5.6	87.5	6.0	103.4
Overnight Repo	0.3	3.8	0.0	0.0	0.0	0.0
Longer term Repo	2.3	29.5	5.6	87.5	1.8	31.0
Outright Purchases	0.0	0.0	0.0	0.0	4.2	72.4
- Interbank Market (overnight)	0.0	0.0	0.0	0.0	-0.2	-3.4
Privately-owned Banks (Overnight)	1.7	21.8	0.0	0.0	0.0	0.0
- Interbank within CBRT	0.3	3.8	-0.1	-1.6	0.0	0.0
- OTC	0.3	3.8	0.0	0.0	0.0	0.0
- ISE Repo Market	1.1	14.2	0.1	1.6	0.0	0.0
Customer Repos and O/N Deposits	3.5	44.9	0.8	12.5	0.0	0.0
Overall Total	7.8	100.0	6.4	100.0	5.8	100.0

Source: Central Bank of Turkey

e) Operational restructuring of the SDIF banks

19. Major steps are being taken regarding the operational restructuring of the SDIF Banks. The total number of branches of the SDIF banks reduced from 1,454 at the date of transfer to 1,059 by end-July, 2001; a decline of 27 percent. For the same period, total number of employees decreased by 35 percent.

Number of Branches and Employees of SDIF Banks

Banks	Number of Branches		Number of Employees	
	As of Transfer Date	As of July 31, 2001	As of Transfer Date	As of July 31, 2001
Demirbank	198	199	4,241	3,724
Etibank (1)	283	210	6,171	4,156
İktisat Bank	62	62	1,305	1,235
Sub-Total	543	471	11,717	9,115
Tarişbank	41	41	528	528
Sitebank	13	13	253	251
Bayındırbank	22	20	381	384
Kentbank	86	86	1,422	1,405
EGS Bank	49	49	918	907
Sub-Total	211	209	3,502	3,475
Overall Total-1	754	680	15,219	12,590
Türk Ticaret Bank	274	218	4,790	3,082
Sümerbank (2)	401	135	9,357	3,198
Bank Ekspres (3)	25	26	721	615
Overall Total-2	1,454	1,059	30,087	19,485

Source: BRSA

(1) İnterbank and Esbank were merged into Etibank (2) Egebank, Bank Kapital, Yurtbank, Yaşarbank and Ulusal Bank were merged into Sümerbank (3) Data on Bank Ekspres are based on the sale date of June 30, 2001.

20. Progress is also made regarding the sales of subsidiaries of the SDIF Banks. In this context, 30 financial and non-financial subsidiaries of Sümerbank have been put up for sale on April 3, 2001, and 45 financial and non-financial subsidiaries of Etibank

have been put up for sale on August 15, 2001. Moreover, six foreign subsidiaries of Demirbank were put out to tender on August 2, 2001.

21. The total sales revenue from sales of movables, immovables and subsidiaries is TRL 101,6 trillion as of August 16, 2001. The details of sales revenue are summarized in the table below.

Sales of Movables, Immovables, and Subsidiaries of the SDIF Banks
(Billion TRL)

Banks	Sale of Movables	Sale of Immovables	Sale of Subsidiaries (1)	Total
Sümerbank	4,598	10,080	37,856	52,534
İktisat Bank	101	0	12,012	12,113
Etibank	1,140	1,470	0	2,610
Demirbank	133	0	31,540	31,673
T.Ticaret Bank	452	2,125	5	2,582
EGS Bank	79	0	0	79
Bayındırbank	17	0	0	17
Total	6,520	13,675	81,413	101,608

Source: BRSA

(1) TRL 22,8 trillion sale of Sumerbank' subsidiaries, subject to Capital Market Board approval, is included. The subsidiaries under negotiations are not included.

f) The government bonds given to recapitalize the SDIF banks

22. As of August 17, 2001, the Undersecretariat of Treasury has issued \$ 8,007 million foreign currency denominated and TRL 8,528 trillion local currency bonds to the SDIF. Using the exchange rate on the day of issuance, the total value of government bonds given by the Treasury to the SDIF is TRL 16.3 quadrillion.

Securities Issued to the SDIF by the Treasury

	(As of August 17, 2001)			
	FX		TRL	Total
	Million \$	TL Equivalent (Trl TRL)(1)	Trl TRL	Trl TRL
End of 2000	2,687	1,826	2,037	3,863
January 2001	261	250	-	250
February	-	-	-	-
March	559	529	1,493	2,022
April	-	-	773	773
May	4,500	5,154	4,225	9,379
June-August 17	-	-	-	-
Total 2001	5,320	5,933	6,491	12,424
Overall Total-1	8,007	7,759	8,528	16,287
Early Redemption (2)	370	260	5,266	5,526
Overall Total -2	7,637	7,499	3,262	10,761

Source: BRSA, Undersecretariat of Treasury

(1) Calculated based on Central Bank FX buying rate on issue date. (2) Amount of early redemption refers to the total of deduction from the debt stock of the SDIF and cash payments by the Treasury.

23. After the early redemptions by the Undersecretariat of Treasury of TRL 5,526 trillion bonds, the stock of government bonds held by the SDIF declined to TRL 10.8 quadrillion.

g) Resource allocation to the SDIF banks

24. The SDIF gave TRL 751 trillion of the government bonds to the Central Bank as collateral in return for cash, and this cash has been transferred to the SDIF Banks as deposit. Excluding government bonds used as collateral, the stock value of the government bonds transferred to SDIF Banks amounts to TRL 15,536 trillion.
25. In addition to government bonds injection, TRL 946 trillion capital and TRL 1,523 trillion deposits have been transferred to the SDIF Banks. Total resources transferred to the SDIF Banks equal to TRL 18 quadrillion as of August 17, 2001. Bank-specific details are summarized in the table below.

Resources Transferred to the SDIF Banks

(As of August 17, 2001) (Trl. TRL)

Banks	Special Issue Government Bonds (4)	Capital	Deposit	Total	Percentage Share
Demirbank	3,144	275	0	3,419	19.0
Etibank (1)	4,933	175	692	5,800	32.2
İktisat Bank	2,126	30	0	2,156	12.0
Sub-total	10,203	480	692	11,375	63.2
Tarişbank	0	55	0	55	0.3
Sitebank	0	9	25	34	0.2
Bayındırbank	0	30	0	30	0.2
Kentbank	0	50	0	50	0.3
EGS Bank	0	87	0	87	0.5
Sub-total	0	231	25	256	1.4
Overall Total-1	10,203	711	717	11,632	64.6
Türk Ticaret Bank	354	101	0	455	2.5
Bank Eक्सpres (2)	89	0	141	230	1.3
Sümerbank (3)	4,890	133	665	5,688	31.6
Overall Total-2	15,536	946	1,523	18,006	100.0

Source: BRSA

(1) İnterbank and Esbank were merged into Etibank. (2) Data on Bank Eक्सpres are based on as of June 30, 2001, selling date. (3) Egebank, Bank Kapital, Yurtbank, Yaşarbank and Ulusal Bank were merged into Sümerbank. (4) Refers to the amount of bonds before early redemptions.

h) Collection operations of the SDIF

26. A cash collection of \$ 804,1 million collection has been realized from the SDIF Banks between their transfer date to the SDIF and July 31, 2001.

Cash Collection by the SDIF (1)

(As of July 31, 2001, Million \$)

From Ex-Bank Owners and Their Corporations	280.5
Other Distressed Assets	523.6
Total Collection	804.1

Source: BRSA

(1) It is based on FX rates at the collection dates.

27. Lawsuits have been filed for the reimbursement of the losses incurred by the previous shareholders of the SDIF Banks.
28. The SDIF encourages negotiations of debt workout plans with the ex-owners of the SDIF Banks. So far, the SDIF was involved in two debt repayment agreements.

i) Transfer of non-performing loans to SDIF Collection Department

29. The number of files on non-performing assets transferred to SDIF Collection Department from some of the SDIF Banks as of July 31, 2001 is given below.

Files on Non-performing Assets Transferred to the SDIF

(As of July 31, 2001)

Banks	Number of transferred files
Sümerbank	947
Bank Ekspres	123
Türk Ticaret Bank	221
Total	1,291

Source: BRSA

j) SDIF lawsuits and prosecutions statistics

30. Eighty lawsuits have been filed by the SDIF, while 270 lawsuits have been filed against the SDIF. Thus, the SDIF Legal Department has been dealing with 350 lawsuits as of August 16, 2001. Characteristics of these lawsuits are summarized in the table below.

Lawsuits and Prosecutions of SDIF (1)

Characteristics	Number
Lawsuits filed by SDIF	80
-Personnel bankruptcy	22
-Actions of debt	7
-Preliminary injunctions	12
-Lawsuits concerning declaration of property	8
-Executive proceedings	31
Lawsuits filed against SDIF	270
-Lawsuits concerning off-shore accounts	206
-Actions of debt	8
-Lawsuits concerning stocks	12
-Action for negative declaration	1
-Lawsuits about payment of uninsured deposits	2
-Lawsuits concerning complaints	5
-Actions for commandment	9
-Lawsuits of nullity	2
-Lawsuits about adjustment on terms of contract	1
-Lawsuits about provisional article 3	24
Total	350

Source: BRSA

(1) Lawsuits filed for loans are not included. These cases are filed by the banks themselves; and the legal procedures for the transferred files are executed by the Collection Department of the SDIF.

Authorities Granted to the SDIF by the Amendments to the Banks Act

According to Amendments made to the Banks Act No. 4672

1. The Law no. 6183 on Procedures for Recovery of Public Receivables will be applicable for receivables of the SDIF.

The provisions of this Law are applied in execution proceeding and collection of:

- receivables from Banks' former shareholders who manage and control the banks,
 - receivables from the companies and associated undertakings which are owned by these shareholders,
 - receivables from authorized managers and authorized signatories, and their spouse and children.
 - receivables of the other banks transferred to the Fund, from individuals mentioned above,
 - receivables from the individuals, who acquired monies, property and all kinds of rights by abusing the banks' funds and assets.
2. The SDIF may resume the lawsuits, which have been instituted according to the Law of Enforcement and Bankruptcy, or may decide to apply the provisions of Law no. 6183.
 3. The SDIF is provided with the authority, which the Law no. 6183 has vested, to the Ministry of Finance, collection offices and other authorities and committees.
 4. Where the SDIF deems if necessary for the purpose of recovery of its receivables, it shall be authorized to take over management of any company – privileges of shareholders except dividend – which is managed and controlled by a bank, whose shares have been assigned to the SDIF.
 5. Any receivable arising from the banks' funds and assets used for acquisition of monies, property and all kinds of rights and receivables, which the shareholders or officers of any bank have been accused for or caused others to acquire by abusing the banks' funds and assets in favor of third parties, are accepted as Fund receivable.
 6. The SDIF shall seize the assets, which have been gained by using the banks' resources in favor of the persons mentioned above, even if these assets are owned by any other person.
 7. Prohibition against leaving the country will be applied to any person who owes an amount to the Fund, and legal representatives thereof upon the Fund's request.