

Savings Deposit Insurance Fund

20.09.2002

Sales Strategy Press Release

Turkey's Savings Deposit Insurance Fund (SDIF) announced today the sales strategy planned for the disposition of commercial banking assets held by the SDIF as a result of the intervention of the twenty banks by the SDIF. The sales strategy is designed to ensure transparency, accountability and fairness through competition to maximise the value obtained for the assets.

Following the intervention of a failing bank, SDIF implements a resolution strategy to maximise the value of the enterprise through various means, including outright sale, as in the case of Demirbank to HSBC and restructuring and sale, as in the case of Sumer Bank. A component of the resolution process is the aggregation in SDIF of commercial banking assets, such as corporate loans, which were not included in previous bank restructuring and sales transactions. The SDIF then needs to develop a strategy and process to return those assets to the market. By doing so, the proceeds from the sale of assets reduces the cost to the taxpayer of the restructuring program, and serves to stimulate the secondary market in the loan assets and marketable collateral, thereby boosting the economy.

Such commercial banking asset sales strategies have been implemented with significant success in North America, Asia and Europe, including asset sales programs by the Canadian Deposit Insurance Corporation, America's Resolution Trust Corporation, Korea's Korean Deposit Insurance Corporation and the specialist Korean government asset management company, KAMCO, and the banking authorities in Sweden and Finland during their bank restructuring programs.

The SDIF sales strategy will comprise [five] principle components: advertised bidding requirements and timetables, sales memoranda and data files, data rooms for due diligence procedures, formal bid evaluation procedures and public announcements of the results of the bidding process.

Since SDIF's intervention of the failed banks, the SDIF has applied significant resources and rigorous standards to safeguard the value of the assets taken over, improve the collections on the loans, and secure SDIF's position as regards collateral and third party guarantees. With a team of SDIF lawyers and lending specialists based in Istanbul, Ankara and Izmir, SDIF has performed comprehensive reviews of the over 120 thousand loan and collateral files, created extensive databases to monitor the financial and legal position of the loans taken-over, improving the quality of information to facilitate collection of outstanding amounts.

Potential bidders, once they have met strict requirements to demonstrate their ability to bid, will gain access to sales information memoranda, data files and supervised data rooms to review and evaluate the sales packages as they are offered to the market. The separate sales packages will be formulated based on individual asset characteristics. SDIF will be

conducting market soundings in the coming weeks to determine the composition of the early tranches for sale. SDIF is also introducing in its sales strategy the ability to receive innovative bid proposals from potential investors to encourage creativity within SDIF's sales framework of transparency, accountability, fairness and competition. This could include SDIF consideration of joint participation structures as allowed for under AMC section of Law .

The SDIF will be publishing further information on the sales process on the BRSA web-site shortly, including a timetable for the sales process.

Attachment: [Savings Deposit Insurance Fund -Asset Sales Process, Sales Strategies](#)