



BANKING
REGULATION AND SUPERVISION
AGENCY

Main issues of the contract signed on January 31, 2003 by Banking Regulation and Supervision Agency (BRSA) and the Savings Deposit and Insurance Fund (SDIF) with the representatives of Cukurova Group are presented below.

1- Cukurova Group waived the legal proceedings it brought before the Council of State against the take over of Pamukbank T.A.S. by the SDIF and all other related administrative decisions.

2- Shareholders of Pamukbank T.A.S. (Pamukbank) included in Cukurova Group have declared that they will not request the transfer of the management and control of the Bank and that they have waived these rights in advance, in case a suspension of execution and/or a cancellation decision results from the legal proceedings brought or to be brought before the 10th Chamber of the Council of State. Besides, they have declared that they undertake any indemnity obligation, together with all its accessory expenses, that may arise from a cancellation decision ruled within the said legal proceedings and that, they will pay all such indemnities the BRSA and the SDIF may be obliged to pay.

3- With the authority granted to it by Article 15/3 of the Banks Act, the SDIF will not initiate personal bankruptcy, responsibility and other such lawsuits that can be filed pursuant to Banks Act Nr. 4389, or other legislation, as long as the contract remains in effect.

4- Cukurova Group has agreed and declared that; it will neither directly nor indirectly take up any legal proceedings against the actions performed by the SDIF and BRSA; and that it will not request and claim a compensation or loss arising from these actions or the signed contract.

5- Shares of some participations of Pamukbank, which do not have a franchise value or in which the bank has participated in with negligibly small amounts, will be sold to Cukurova Group for a sum of USD 25.022.782-- calculated as of January 31, 2003 and by accruing semi-annual Libor+0.5 on the balance-sheet value of these participations as of the date of transfer (June 18, 2002) until the date on which the contract is signed. This sum is added to the debts of the group firms to the SDIF.

6- All Turkcell Holding A.S. and Turkcell Iletisim Hizmetleri A.S. shares that are held in the assets of Pamukbank and its participations will be sold to Cukurova Group for a sum of USD 264,306,050-- calculated by using weighted average prices that occurred in Istanbul Stock Exchange for 30 days prior to January 30, 2003 and using the Central Bank's buying rate as of January 30, 2003. The sale value sum is added to the debts of Cukurova Group to the SDIF. USD 214,306,050 of the sale value will be paid in a single payment by January 31, 2006 and the remaining USD 50,000,000 (fifty million) will be paid in a single payment by January 31, 2008. For the period from January 31, 2003 to the date on which the payment is actually made, the interest calculated by accruing an annual Libor+0.5 will be paid by the firm/firms that purchase the shares and the interest payments will be made annually.

7- The SDIF will take over YKB shares held in the assets of Pamukbank and its participations. YKB shares owned by Cukurova Group and the SDIF will be sold by Cukurova Group to the third parties within 2 years as of the date on which the contract is signed. In case the sale cannot be realized within this period, a mutually determined investment bank with international reputation will be authorized and the sale will be conducted by it within a year. In case an investment bank is still not determined before the last 3 months of the 2-year sale process carried out by Cukurova Group, the SDIF will propose three experienced investment banks and the Group will choose one of them within one month. If the investment bank thus determined cannot realize the sale of shares, the shares will be sold out by the SDIF.

8- In case YKB shares are sold, the difference between USD denominated sale value of shares belonging to the SDIF and the sum to be founded by accruing an annual Libor+2% over the amount USD 226.020.606 stated in the transfer-balance sheet of June 18,2002, will be subtracted from the Group's debt on the same day of the sale transaction.

9- YKB shares belonging to Cukurova Group are pledged for debts of the Group to the SDIF. The pledge also includes bonus issues and the shares to be acquired through the exercise of pre-emptive rights by Cukurova Group.

10- All measures required to avoid capital adequacy ratio (CAR) of YKB falling below 10% will be taken. If the bank's CAR falls below 10% and the Group fails to increase its capital, the SDIF will realize the required capital increase.

11- Until its shares are sold, YKB will not distribute dividends. Dividends will only be distributed if an equal amount of capital increase is made with a view to keeping the dividends in the bank.

12- Debts of Cukurova Group to Pamukbank amount to USD 2.671.128.429 as of January 31, 2003 and the agreed-upon debts of the Cukurova Group to the SDIF Banks amount to USD 66.467.173.

13- Negotiations on the debts of Cukurova Group to Bankruptcy Office of the Bankrupt Turkiye Ithalat ve Ihracat Bankasi A.S. and Bankruptcy Office of the Bankrupt Marmara Bankasi A.S. and on the debts taken over by the SDIF from the Fund Banks continue.

14- Within the provisions of the said contract, total cash liabilities that will be paid to the SDIF amount to USD 2.737.595.602 (excluding; the debt for which a mutual understanding to be reached or the debt to be determined by the SDIF as well as the debt to arise from the sale of shares of Turkcell Holding A.S. and Turkcell Iletisim Hizmetleri A.S.). Cukurova Group and joint debtors along with joint guarantors have undertaken and agreed to pay their debts pursuant to this Contract.

15- Non-cash loans in effect of Cukurova Group will be added to the debt on the date when they are compensated.

16- Group debts to the SDIF have been restructured according to a fifteen-year payment plan including a grace period of first 3 years for the principal. After the grace period, principal payments will be made annually. A semi-annual Libor+0.5 will be accrued on the debt as interest and it will be semi-annually collected. However, 50% of the interest thus calculated for interim periods of the first three years will be paid and the remaining amount will be capitalized by adding it to the principal.

17- The collaterals obtained for the receivables of the SDIF taken over from Pamukbank and from other Fund Banks are reserved as before. Suretyship- debts of those to Pamukbank and the SDIF Banks will continue with the same conditions and amounts. Summary information regarding collaterals are provided in (Annex:1).

18- The ratio of shares pledged to the SDIF will not fall below the ratio of current pledged shares in any way.

19- Pledges on Turkcell Iletisim Hizmetleri A.S. and Turkcell Holding A.S. shares which will be sold to the Group by the SDIF will be removed provided that sale values of the said shares and their accessory charges are paid, that Cukurova Group fulfills all its obligations fully arising from this contract in compliance with provisions thereof as of the date on which the pledge will be removed and that no collateral shortage according to the evaluation to be performed thereof exist. In case these shares are:

a) Sold when pledged, the total sale amount will be paid to the SDIF,

b) Sold to third parties other than Cukurova Group after the removal of the pledge, 55% of the sale amount will be paid to YKB and the SDIF.

The pledge will be removed on condition that the payment mentioned in paragraph (a) is made. Upon Cukurova Group's request, the part of the sale amount deemed appropriate by the SDIF may be utilized in the payment of Cukurova Group's debts to YKB.

20- Collaterals in adequate amounts, with at least one third in the form of tangible collateral, shall be taken for the debts stated in this contract. The tangible collateral amount in subject is the minimum amount that shall be preserved during the term of this contract. Thus, valuation of current collaterals and collaterals to be implemented annually will be made by an investment bank or auditing firm and/or valuation company which is experienced on firm and asset valuation. Assessments will be made within the framework of mutually determined main principles and assumptions. In case the SDIF deems it necessary, the assessments can be made by two different firms and any kind of expenses made for the asset and firm valuation is going to be met by debtors. Provided that the collaterals are deemed adequate in accordance with the valuations made, the current collaterals can be exchanged with new ones only if the value and quality of new collaterals to be determined in compliance with the afore-mentioned principles are adequate and if the SDIF deems them appropriate.

21- In case a collateral shortage arises according to the evaluations made, adequate additional collateral will be provided by Cukurova Group within one month following the written notification in favor of the SDIF. In case an excess collateral is determined, those deemed appropriate among the collaterals in subject will be released by the SDIF.

22- In case the Cukurova Group sells wholly or partially its assets to third parties other than the Cukurova Group, it shall utilize 55% of the sale amount for the payment of debts thereof to YKB and the SDIF. Besides, in case pledged assets in favor of the SDIF are sold, total sale amount will be given to the SDIF. However, upon Cukurova Group's request, the part of the sale amount deemed appropriate by the SDIF may be utilized in the payment of Cukurova Group's debts to YKB.

23- The contract signed within the framework of the Act Nr. 4743 for the restructuring of debts of Cukurova Holding A.S. and the Group Companies to YKB will remain in effect as long as Cukurova Group adheres to the payment plan (Annex 2) regarding its debt to YKB and Pamukbank.

24- Cukurova Group will dispose of all its direct and indirect shares in YKB within the framework of the procedure included in article seven of this note in such a way that their total share in YKB is reduced to below 10%.

25- Cukurova Holding A.S., has the right to purchase in cash and in advance and in single payment, all Turkcell Holding A.S and Turkcell Iletisim Hizmetleri A.S. shares that are directly or indirectly owned by YKB within 2 years following the date of the signature of this contract. In case the Cukurova Group purchases the shares in question from YKB, the Group agrees and undertakes to pledge them to the SDIF.

26- It has been accepted by YKB's minority shareholder, the SDIF, that the purchase price of the Turkcell shares in subject will be settled by taking retroactively the 30 day weighted average closing prices in ISE of the shares of the company in subject. During the period which will last until the date on which the purchase transaction is carried out, rights attached to the shares in question for determining the related boards of directors and auditors will be used by Cukurova Holding A.S..

27- Cukurova Holding A.S. can purchase in cash total shares of Fintur Technologies BV and Digital Platform Hizmetleri A.S. under the ownership of YKB over net book values on the transfer date and/or through the swap of the shares of T. Genel Sigorta A.S. and/or Banque de Commerce et de Placements S.A. over book value within one year following the date of contract. In case YKB shares owned by T.Genel Sigorta A.S. are purchased by Cukurova group prior to the transfer of T. Genel Sigorta A.S. shares to YKB, a pledge in favor of the SDIF will be installed on these shares.

28- Management principles have been determined with the aim of ensuring YKB to continue its activities in a sound financial structure, the protection of parties' shareholder rights in the best manner, corporation and share value to reach at the optimum level and furthermore the bank to be executed in a competitive environment within the scope of commercial philosophy, vision, goals and criteria. Accordingly;

- Increasing YKB's corporate and share value is the fundamental goal.
- With values it owns, YKB is responsible to its clients, shareholders, employees and business partners.
- YKB's corporate governance will depend on the following principles and criteria:
 - To ensure continuation of corporate existence of YKB by taking profitability and efficiency principles into consideration,
 - To increase corporate and share values from the point of view of shareholders,
 - To operate in compliance with conditions of commercial competition,
 - To establish relationships with institutions and persons in compliance with law and ethic values,
 - Strategic vision,
 - Responsibility,
 - Attaining performance targets to be determined,
 - Open to be questioned,
 - Accountability,
 - Transparency,
 - Efficiency in resource utilization and business development,
 - Maintaining moral values and business ethics,
 - Conformity to Law.

29- Duty definitions of the Board of Directors and top executives of YKB, evaluation and measurement system designs, duty definition and working principles of the Boards of Directors and reporting systems will be carried out by an advisory firm having an international reputation to be determined mutually by the parties. The management of YKB will be appointed among the nominees to be determined by the advisory firm, with appointments conditional on the final approval of the SDIF.

30- A "partnership orientation board" consisting of 4 persons, 2 of whom will be appointed by the Cukurova Group and the other 2 by the SDIF, will be established without any decision-making power. The "partnership orientation board" will contribute to the cooperation study that YKB and its subsidiaries will carry out with other Group firms to increase synergies.

31- If the parties agree on its applicability, merger of Pamukbank with YKB may be given a consideration.

32- In the case of default on payments, an annual penal interest rate of Libor+4 will be applied and the relevant provisions of the procedures for the recovery of public receivables (Act No. 6183) will be enforced. In case two consecutive installments are not paid, the agreement will become null and void and all debt will be followed up as public receivables.

33- The companies being party to this contract will submit in January, April, July and October to the SDIF their financial statements, fully-audited by an independent audit firm or a Sworn Financial Consultant, along with other financing and management information to be determined by the SDIF.

[Annex 1: Summary Information on the Collaterals taken within the Scope of the Contract Signed with Cukurova Group](#)

[Annex 2: Table Summarizing the Payments to be Made for the Resolution of Pamukbank and YKB's Receivables from the Cukurova Group](#)