

From the Banking Regulation and Supervision Agency:

**REGULATION ON THE PRINCIPLES AND PROCEDURES FOR ACCEPTING,
WITHDRAWAL OF DEPOSITS AND PARTICIPATION FUNDS AS WELL AS THE
PRESCRIBED DEPOSITS, PARTICIPATION FUNDS CUSTODY AND
RECEIVABLES**

(Published in Official Gazette dated November 1, 2006, Nr. 26333)

SECTION ONE

Objective, Scope, Basis, Definitions and Abbreviations

Objective and Scope

ARTICLE 1– (1) The objective of this Regulation is to set down the procedures and principles regarding the acceptance and withdrawal of deposits and participation funds in banks, as well as the deposits, participation funds, deposits and receivables that have expired.

Basis

ARTICLE 2– (1) This Regulation has been prepared on the basis of Articles 60, 61, 62, and 93 of Banking Law Nr. 5411 dated October 19, 2005.

Definitions

ARTICLE 3– (Amended: OG-18/10/2018-30569) (1) The following terms used in this Regulation shall have the meanings expressly designated to them below:

- a) Bank: Bank defined in Article 3 of the Law,
- b) Estimated profit: In case profit is obtained as a result of the operation of the funds collected in the participation accounts based on the investment agency agreement by participation banks, the maximum rate agreed between the account holder and the participation bank before the fund is started to operate and from the maximum rate at which participation account holder can claim rights, not exceeding the realized profit,
- c) Unit value: Profit or loss calculated by dividing the total value of each fund divided by maturity by the total account value of the fund on the previous day, which is accepted as 100 for the first day when the participation bank accepts funds to the participation accounts but changes when profit or loss is recorded, the coefficient equal to the unit value of the previous day on days where profit or loss is not recorded,
- ç) Unit account value: The amount that determines the current value of the participation account and is calculated by multiplying the unit value with the account value, on which the participation account holder can claim rights,
- d) Fund: Saving Deposit Insurance Fund,
- e) Account Value: The first day when the participation bank accepts funds to participation accounts, by dividing the amount deposited by the account holder by the unit value accepted as 100, and in the following days, by dividing the amount deposited by the account holders in the

newly opened accounts by the unit value on the value date, belonging to the person who deposited or withdrawn money. the coefficient that is calculated by dividing the amount deposited by the account holder by the unit value on the value date and dividing the amount withdrawn by the unit value on the opening or extension date of the account, if money has been deposited, and subtracting if money is withdrawn, and the coefficient showing the participation rate of participation account holders in the fund,

- f) Law: Banking Law Nr. 5411,
- g) Participation fund: Participation fund defined in Article 3 of the Law,
- ğ) Participation account: Participation account defined in Article 3 of the Law,
- h) Credit institution: Credit institution defined in Article 3 of the Law,
- ı) Board: Banking Regulation and Supervision Board,
- ı) Associations of institutions: Associations of institutions defined in Article 3 of the Law,
- j) Agency: Banking Regulation and Supervision Agency,
- k) Deposits: Deposits defined in Article 3 of the Law,
- l) Special current account: Special current account defined in Article 3 of the Law,

SECTION TWO

Accepting and Withdrawal Of Deposits And Participation Funds

Deposit and participation fund acceptance

ARTICLE 4 - (Amended: OG-18/10 / 2018-30569) (1) Interests of deposits and profit participation rates for participation accounts to be determined on the basis of Article 144 of the Law are applied by being announced by credit institutions.

(2) In order for credit institutions to accept deposits or participation funds on behalf of their customers, its required to identify their customers by their T.R. identification cards and tax numbers to fulfill the obligations in the regulations made by the Ministry of Finance pursuant to the provision of the third paragraph of Article 76 of the Law.

(3) No credit account can be opened on behalf of the account holder without the consent of the account holder or a separate provable request.

(4) In credit institutions account opening transactions;

- a) The conditions to which the deposit or participation fund they accept is subject to,
- b) The amount insured within the scope of Article 63 of the Law,
- c) Considering the procedures and principles specified in Article 8, the applications to be made in case of limitation,
- ç) Demand deposit account and private current account holder has the right to reclaim their existing assets upon their request,

(d) The interest, profit and loss participation rate or estimated profit rate to be applied within the maximum amount and rates to be determined in accordance with Article 144 of the Law according to the type of the time deposit account and participation account cannot be changed until the end of the term, without prejudice to the provisions of the said article of the Law.

(e) If the owner of the accounts that are not closed on maturity gives an instruction to postpone the new maturity to the weekend holiday and the first business day of this term, a new maturity will be counted in the interest or profit and loss participation rate change on the same maturity date and renewal date, in case of failure to do so, participation accounts based on the investment agency agreement will not be renewed and transferred to the special current account unless a new investment agency agreement is signed between the account holder and the participation bank,

(f) The right of the account holder to demand from the credit institution will be at the amount calculated over the interest rate or unit account value at the expiry date of the account.

(g) The loss participation rate in participation accounts is one hundred percent,

The bank account passbook that they have declared and committed and signed by the bank officials in accordance with the first paragraph of Article 15 of the Law of Obligations dated 11/1/2011 and numbered 6098. Credit institutions are obliged to give the account passbook they issued to the account holder in printed or electronic form at the preference of the account holder or to prove that the account holder refuses to receive the passbook.

(5) The full name and title of the account holder, the code number and branch name identifying the branch where the account is opened, the opening date of the account, the account and wallet number, the amount of the account, and the provisions in the fourth paragraph must be included in the same. It is obligatory that the time deposit account and participation account wallets include the interest or profit and loss participation rate or the estimated profit rate to be applied within the maximum amount and rates to be determined in accordance with Article 144 of the Law, and the maturity and notice period, depending on the type of account.

Withdrawal of deposits and participation funds

ARTICLE 5 - (1) The provisions of the Turkish Civil Code dated 22/11/2001 and numbered 4721 regarding the right to pledge and the right to imprisonment, the Law of Obligations dated 22/4/1926 and numbered 818 regarding the transfer and assignment of receivables, clearing and the powers and the obligations imposed by other laws without prejudice, the right to withdrawal the amounts payable to the deposit and participation fund owners cannot be restricted in any way. In the contract to be made between the deposit or participation account holders and credit institutions according to Article 4, the provisions to be determined about the term and notice period are reserved.

SECTION THREE

Principles on Participation Funds

General Conditions For Participation Funds

ARTICLE 6 - (Amended: OG-18/10 / 2018-30569) (1) In return for special current accounts and participation accounts, the account holder cannot be guaranteed a predetermined return under any name, nor can it be guaranteed that the deposited principal is repaid to the account

owner in participation accounts. These matters are clearly announced by hanging in the branches of participation banks.

(2) Participation accounts can be opened on the basis of a profit and loss partnership agreement or an investment power of investment agency agreement to be signed with public institutions and organizations, funds and legal person customers. The Board is authorized to establish a limit in the form of a minimum amount that can be deposited and / or a certain proportion of participation accounts for participation accounts opened based on an investment agency agreement. Participation accounts opened based on both contract types are operated in separate fund pools. The pools opened for the participation accounts based on the investment agency agreement can be combined, divided, transferred between the pools and liquidated at the end of the term, provided that it does not harm the interests of the participation account holders and does not go beyond the intended use of the fund collected in advance.

(3) Investment agency account holders can give general or limited authorization for the use of the funds provided to the participation bank. In the contract to be drawn up between the account holder and the participation bank, there are provisions regarding authorization and the participation bank must use the relevant fund amount within the framework of these provisions throughout the term of the account.

(4) The right of claim of the account holder on participation fund accounts and the payment obligation of the participation bank is equal the amount deposited in special current accounts and is equal to the valid unit account value at the end of the maturity in participation accounts. Unit account value is limited to the amount deposited and estimated profit total in participation accounts based on an investment agency agreement.

(5) Profit or loss arising from the operation of participation accounts is calculated on the basis of currency, in proportion to the weight of each term group in the total fund pool, in accordance with the Daily Unit Value Calculation Table in Annex-1.

(6) Without prejudice to the provisions of Article 144 of Law, participation banks may freely determine the profit participation rates or the estimated profit rate that will arise from the operation of participation accounts.

(7) Profit and loss participation rate or estimated profit rate valid at the time the participation account is opened is recorded in the account book and this record cannot be changed until the end of maturity after the account is opened, without prejudice to the provisions of Article 144 of the Law. Participation accounts opened on the basis of a profit and loss partnership agreement not closed at maturity are deemed to have been renewed at the profit and loss participation rate valid on the same maturity and renewal date. Unless a new investment agency agreement is signed between the account holder and the participation bank, participation accounts that are not closed on due date are not renewed and transferred to special current accounts.

(8) Participation banks may reserve profit balancing reserves from the profits they will distribute at the end of the period, provided that there is a provision in the contract to be signed with the customer, they are not used for other purposes other than the purposes specified in the ninth and tenth paragraphs and the balance is transferred to the fund pool. The maximum rate for the profit balancing reserve to be allocated and the application procedures and principles are determined by the Board.

(9) It is possible for participation banks to increase the amount of dividends to be distributed in favor of the fund owners. The increase to be made may take place as the use of the profit balancing reserve specified in the eighth paragraph and / or the waiver of the profit share accrued by the participation bank in its favor, provided that it is not permanent.

(10) It is possible for participation banks to bear the losses in favor of the fund owners during the periods when loss occurs. The loss amount can be covered from the equity of the participation bank, provided that the profit balancing reserve specified in the eighth paragraph is used and / or is not continuous. In order for a participation bank to distribute dividends in the periods when loss occurs, the participation bank's board of directors must be authorized by the ordinary general assembly decision and the board of directors must take separate decisions for each profit distribution, at most three times in a fiscal period.

Private fund pools

ARTICLE 7 - (Amended: OG-18/10 / 2018-30569) (1) In accordance with the seventh paragraph of the Law Article 60, regardless of their maturity and species identified Turkey's Central Bank, Participation banks may create private fund pools with a maturity of not less than a month by collecting funds in individual accounts to be used in financing specific project or investment or established for this purpose partnerships. In the contract to be drawn up between the account holder and the participation bank, provisions regarding the content of the project or investment, the anticipated maturity and the rights and obligations of the parties, and the participation bank must use the relevant fund amount within the framework of these provisions during the period until the completion of the project or investment. Participation accounts belonging to the funds collected in this way are operated in separate pools independently from other accounts and the collected funds cannot be transferred to other fund pools during the period until the completion of the project or investment. The Agency is informed about the special fund pools within fifteen days following their establishment and liquidation. The special fund pools are liquidated at the projected maturity of the project or investment, or following the completion of the project or investment, provided that the approval of the account holders is obtained and the Agency is informed.

SECTION FOUR

Prescription

Prescribed Deposits, Participation Funds Custody And Receivables

ARTICLE 8 - (1) The stocks and bonds in the custody of banks, mutual fund participation certificates, amounts in deposit accounts opened on behalf of their customers to whom they have given checkbooks, even if the checkbooks are not delivered, remittance amounts, interest on deposits, receivables and deposits until the end of the statute of limitations. and all kinds of deposits, participation funds, custody and receivables, including dividends related to the participation account, who are not sought within ten years starting from the date of the last request, transaction, any written instruction of the beneficiary, shall expire.

(2) **(Amended OG-18/10 / 2018-30569)** The banks are entitled to the right holders of all kinds of deposits, participation funds, custody and receivables of 250 TL or more that expired within a calendar year, their accounts will be transferred to the Fund if they do not apply, by the end of January of the following calendar year, by registered mail. With the mentioned deposits,

participation funds, custody and receivables, and all kinds of deposits, participation funds, escrow and receivables below 250 TL are announced on the bank's website for a period of four months from the beginning of February. The Bank declares the announcement of the said lists on its website for two days through the Press Advertising Agency in two of the top five newspapers with the highest circulation in the Press Advertising Agency's lists, which were published throughout the country until the fifteenth day of February. The lists announced on the websites are sent to the Association and the Fund simultaneously by the banks. Associations of Organizations and the Fund publish these lists on their website in a consolidated form until the end of May.

(3) **(Amended: OG-1/11 / 2012-28454)**¹ All kinds of deposits, participation funds, custody and receivables declared as prescribed, those that are not sought by the beneficiary or his inheritors until the fifteenth day of June, with interest and profit shares are transferred to the Fund account in Central Bank of Turkey or account in other banks determined by the Fund Board until the end of the June. Banks obliged to transfer the said account, custody and receivables are obliged to notify the Fund within one week from the date of transfer, with a list to be drawn up showing the identity information, addresses of the right holders and the amounts reached by their rights, interest and dividends.

(4) The Fund recognizes income as of the date of transfer, together with the said deposits, participation funds, custody and receivables, interest and dividends.

(5) Examples of lists to be drawn up for the deposits, participation funds, custody and receivables that have expired and the interest and dividends belonging to them, and the accounts to which they will be deposited or how they will be deposited and delivered are announced by the Fund to the banks through the associations of organizations.

Prescription of assets in safe deposit boxes, blocked accounts and accounts opened on behalf of minors and only on the condition that they are paid

ARTICLE 9 - (1) (Amended: OG-1/11 / 2012-28454)² The statute of limitations for the assets in rented safes deposit boxes starts from the date when the deposit box rent was last collected or the deposit box was last opened.

(2) **(Amended: OG-18/10 / 2018-30569)** For accounts opened on behalf of minors, the statute of limitations begins on the date the person becomes mature.

(3) For the accounts blocked by the competent authorities, the statute of limitations stops on the date of the block. The limitation period continues from the date the block on the account is unblocked.

¹ *For the effective dates of the amendments made in this Regulation with the Regulation published in the Official Gazette dated 1/11/2012 and numbered 28454, see: RG-14/12 / 2012-28497 - Acceptance, Withdrawal and Prescription of Deposit and Participation Funds, Participation Fund, Trust Regulation on Making Amendments to the Regulation on the Procedures and Principles Regarding Receivables and the Regulation on Amendments*

² *This amendment takes effect six months after its publication.*

SECTION FIVE

Miscellaneous and Final Provisions

Adaptation to the framework contract

PROVISIONAL ARTICLE 1 - Banks, until 1/7/2007, make their situation in line with the provisions of the first and second paragraphs of Article 4.

Deposits, participation funds, deposits and receivables that have expired between 1/11/2005 and 31/12/2005

PROVISIONAL ARTICLE 2 - All kinds of deposits, participation funds, custody and receivables that have expired between 1/11/2005 and 31/12/2005 are evaluated and processed together with the deposits, participation funds, trust and receivables that have expired in 2006.

Transition time for the daily calculation of the unit value

PROVISIONAL ARTICLE 3 - (Repealed: OG-18/10 / 2018-30569)

Entry into Force

ARTICLE 10 - (1) The provisions of this Regulation enter into force on the date of publication.

Enforcement

ARTICLE 11—(1) The provisions of this Regulation are enforced by the Chairman of the Banking Regulation and Supervision Agency.

Daily Unit Value Calculation Tables and Explanations

The Daily Unit Value is determined, by taking into account the accounts in the Communiqué on Uniform Chart of Accounts and Prospectus to be Applied by Participation Banks, on the basis of funds collected in participation accounts, loans granted from participation accounts and dividend income derived from them, provisions and expenses allocated for participation accounts in accordance with the following table and explanation. If deemed necessary, participation banks can use Other Off-Balance Sheet Accounts to fill the table.

While creating the Daily Unit Value Calculation Table, each item should be included with its gross balance using the gross method, but the items "Transfers from Capital" and "Amounts to be Separated from Profits to be Distributed to Participation Accounts" can be determined by bank itself.

DAILY UNIT VALUE CALCULATION TABLE							
	Type of Currency	TL			Total	TL Investment Agency Agreement	General Total
	Account owner's participation rate for profit						
	Account owner's participation rate for loss						
1	Total Amount of Participation Accounts						
2	Amount of Participation Accounts that do not Receive Share Profit/Loss						
3	Amount of Participation Accounts that Receive Share Profit/Loss (1-2)						
4	Account values						
5	Unit value						
6	Unit calculation value (4*5)						
7	General Provisions						
8	Reserves allocated from profits to be shared with participation accounts						
9	Required reserves (6* Required reserve rate)						
10	Participation Accounts Encaisse Rate						
11	Available Fund (6+7+8)-(9+10)						
12	Credits						
13	Idle Fund (11-12)						
14	Fund Surplus that is used (12-11)						
15	Incomes of Participation Account (a+b+c+d)						

	a	Participation rate of Income Shares						
	a.1	Profit Share Income obtained from Loans used as Participation Account Oriented						
	a.2	Used Fund Surplus Profit Hit						
	b	Collection made from Cancelled Loans						
	c	Special Provison Cancellation						
	d	General Provision Cancellations						
	e	Provision Cancellations Saved from the Profits to be Shared with Participation Accounts						
16		Participation Account Expenses (a+b+c+d+e)						
	a	Expenses from Participation Account based Securities						
	b	Special Provision Expenses						
	c	General Provision Expenses						
	d	Saving Deposit Insurance Fund Premium Expenses						
	e	Precautionary Reserve Expenses						
17		Transfers from Capital						
18		Profit/Loss to be shared (15-16)						
19		The amount that is Saved from the Income to be Distributed to Participation Accounts						
20		Distributed Profit/Loss (17-18)						
21		New Unit Account Value (6+19)						
22		New Unit Value (20:4)						
23		Undue Account Profit Shares (Expense Rediscounts) (20-3)						

Explanation of Daily Unit Value Calculation Table

Type of currency: TP, YP

Account owner's participation rate for profit: It is the rate to be considered when determining the share that account owners would receive as the profit as a result of transaction processes of funds collected in participation accounts.

Account owner's participation rate for loss: it is the rate to be considered when determining the share that account owners would receive as loss or deficit as a result of transaction processes of funds collected in participation accounts (special provisions, general reserves, SDIF premium).

1- Total Amount of Participation Accounts: It means the funds invested to participation accounts.

2- Amount of Participation Accounts that do not Receive Share from Profit/Loss: The funds that are not included in calculations as profit sharing process is not initiated yet due to the value date application of funds deposited in participation accounts.

3- Amount of Participation Accounts that Receive Share Profit/Loss: The amount that is calculated by subtracting participation accounts that do not receive profit/loss share from the total amount of participation accounts.

4- Account values: The sum of account values that are on the basis of unit value explained in the 3rd article of the Regulation.

5- Unit Values: The amount of unit value valid for current day, as defined on article 3 of this regulation.

6- Unit Calculation Value: the sum of unit account values valid for current day, as identified on article 3 of this regulation. This amount should be equal to the amount calculated by deducting the participation account amount that does not receive a share from the profit / loss for the current day from the sum of the funds collected in the participation accounts and the expense rediscounts of these funds. (4*5)

7- General Reserves: For the participation account loans according to the Regulation On Procedures And Principles For Classification Of Loans And Provisions To Be Set Aside, it is the part of the general provisions set aside for the standard loans and loans under close monitoring, which is reflected in the participation accounts.

8- Reserves allocated from profits to be shared with participation accounts: These are the reserves allocated within the framework of the paragraph (8) of the 6th article of the Regulation On The Principles And Procedures For Accepting, Withdrawal Of Deposits And Participation Funds As Well As The Prescribed Deposits, Participation Funds Custody And Receivables

9- Required reserves: It is the amount that is created by blocked in Turkish Republic Central Bank within the frame of provisions regarding Required Reserves Notice. This amount is calculated by multiplying unit calculation value and the rate that is stated in the Notice.(6-required reserve rate)

10- Participation Accounts Encaisse Rate: It is the amount that is obtained by dividing participation fund total to the amount that they make available in free checking account of safe boxes and correspondent in order to carry out their responsibilities and multiplying the rate obtained with the total amount of participation account in the event of participation bank's being have to make a payment for participation accounts before the due date or when due.

11- Available Fund: The amount that is obtained by subtracting the total of required reserves and participation encaisse rate from the amount that is saved from unit account values, general reserves and participation account profits. [(6 + 7 + 8) – (9 + 10)]

12- Investment Placements: The sum of following originating from participation account

a) Loans of standard nature and loans under close monitoring (I. and II Group Loans)

b) Non performing loans Loans in Group III., IV. And V.)

c) Loan Profit Share Accrued Revenue and Rediscounts

d) Securities

13- Idle Fund: the amount that is obtained by subtracting loans provided from total available fund. (11-12)

In the event that the idle funds generated by participation banks in any currency are evaluated in another currency, the return obtained must be added to the income statement regarding the currency in which the account was opened.

14- Fund Surplus Generated it is the amount that is obtained by subtracting loans generated from available fund amount (12-11).

15- Revenues of Participation Account (a+b+c+d+e)

- a) **Participation Rate of Income Shares:** Profit share amount corresponding to fund surplus generated is subtracted from the dividend income obtained from the loans extended from participation account. The amount obtained is separated according to its share among the total participation accounts based on currency type. The amount separated is multiplied by the participation rate of the account owner for the profit, and the amount obtained is the share that is saved from dividend incomes for participation account shares.

1- Dividend Income from Loans Generated From Participation Accounts Oriented: Currency type based dividend income obtained from the funds extended from participation account oriented. It is stated in Participation Account Agreement whether default interest of these overdue funds or dividend income that is devoided of and incomes that are taken from Required Reserves are considered as dividend income in participation accounts share unit calculation.

2- Profit generated from fund surplus:

It is the amount that the rate calculated by dividing total extended fund to dividend income obtained from currency type participation account oriented loans generated is multiplied by generated fund surplus.

b) **Collections from loans that are write-off:** The amount that is saved for share of participation accounts from the collections made from cancelled loans extended as participation account oriented.

c) **Reversed Special Provision:** It is the part relating participation accounts of cancelled amounts set aside as special provisions for participation account oriented loans classified as nonperforming loans according to the Regulation On Procedures And Principles For Classification Of Loans And Provisions To Be Set Aside

d) **Reversed General Reserve:** It is the part relating participation accounts of cancelled amounts of saved general reserves for participation account oriented loans according to the Regulation On Procedures And Principles For Classification Of Loans And Provisions To Be Set Aside.

e) **Reversed Amount from the Profit Reserves Established for Participation Accounts:** The amount that is cancelled in order to meet Saving Deposit Insurance Fund premium partnership accounts and special and general reserves of observed reserves in the 3700 account of Amounts Saved from the Profits to be Shared with Participation Accounts.

16- Participation Account Expenses(a+b+c+d+e):

a) Expenses Regarding Securities Issued From Participation Accounts: It is the amount of expenses and impairments related to securities issued from a participation account.

b) Special Provision Expenses: It is the part that is shared for participation accounts as amounts of saved special provisions for participation account oriented credits characterized as illiquid claim according to the regulation regarding procedures and principles concerning Determination of Credits and the Other Debts Characteristics by Banks and the Returns saved for them.

c) General Reserve Expenses: It is the part that is shared for participation accounts as amounts of saved special provisions for participation account oriented credits according to the regulation regarding procedures and principles concerning Determination of Credits and the Other Debts Characteristics by Banks and the Returns saved for them.

d) Saving Deposit Insurance Fund Premium Expenses: Saving Deposit Insurance Funds share per participation accounts.

d) Contingency Reserve: It is the Cautionary Reserve that is saved in order to be used in comparison of special and general reserves and Saving Deposit Insurance Funds share per participation parts and total amount of income items stated in explanation number 15 articles (b), (c) and (d). These reserves that are saved are recorded in 3700 account of Amounts Saved from the Profits to be Shared with Participation Accounts stated in Notice about Regulation on Uniform Chart of Accounts and Prospectus to be Applied by Participation Banks,

18- Profit/Loss to be shared: the amount that is obtained by subtracting participation account expenses from participation account incomes (15-16).

19- The amount that is shared from the Income to be Distributed to Participation Accounts: It is the reserve amount allocated from the amount of profit to be distributed to participation accounts as of the day when the unit value is calculated in accordance with the provisions of paragraph (8) of Article 6 of Regulation On The Principles And Procedures For Accepting, Withdrawal Of Deposits And Participation Funds As Well As The Prescribed Deposits, Participation Funds Custody And Receivables

20- Distrubuted Profit/Loss: it is te net income amount obtained by subtracting shared amount of profits to be distributed to distrubuted profit /loss distrubute to participation accounts on unit base.(17+18)

21- New Unit Account Value: it is the amount that is obtained by adding the distributed profit/loss to the total unit account value.(6+19)

22- New Unit Value: it is the rate that is obtained by dividing new unit account value to the total account values.(20:4)

23- Profit Shares of Accounts not due yet (Expense Rediscounts): Profit share of participation accounts that are not due yet. This profit share starts to operate by the opening/renewal of the account but are not accrued due to the continuing maturity The amount is obtained by subtracting participation account amount to receive a share from profit / loss from the new unit account value.