

From the Banking Regulation and Supervision Agency:

REGULATION ON THE DONATIONS AND AIDS TO BE MADE BY BANKS AND INSTITUTIONS SUBJECT TO CONSOLIDATED SUPERVISION

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

SECTION ONE

Objective and Scope, Basis and Definitions

Objective and Scope

ARTICLE 1 – (1) The objective of this Regulation is to set down the principle and procedures concerning the donations and aids to be made by banks and institutions subject to consolidated supervision within one financial year.

Basis

ARTICLE 2 – (1) This Regulation has been prepared based on the Articles 47, 59 and 93 of the Banking Law Nr. 5411 dated October 19, 2005.

Definitions

ARTICLE 3 – (1) The following terms used in this Regulation shall have the meaning expressly designated to them below;

a) Donation: Full or partial assignation or transfer gratuitously of the goods and rights owned by banks and institutions subject to consolidated supervision to other persons or institutions, purchase of goods or services on behalf of other persons or institutions or operations releasing other persons or institutions from debt or reducing the amount of this debt, excluding the operations regarding re-structuring of credit receivables,

b) Bank: Bank defined in the Article 3 of the Law,

c) Accounting period: One calendar year,

ç) Law: Banking Law Nr. 5411,

d) Institutions subject to consolidated supervision: Domestic and foreign subsidiaries of banks qualified as parent undertaking, subject to consolidated limitations and ratios pursuant to the first sub-clause of the Article 43 of the Law, as well as joint ventures, branches and representative offices thereof,

e) Agency: Banking Regulation and Supervision Agency.

SECTION TWO

Practice Regarding the Limits of Donations and Aids

Accounting Period

ARTICLE 4 – (1) The end of accounting period is taken into consideration in calculating the limit regarding the total amount of donations and aids made by banks and institutions subject to consolidated supervision within one accounting period.

Restrictions on Donations and Aids

ARTICLE 5 – (1) The banks and institutions subject to consolidated supervision may not make donations and aids to;

a) All natural persons or legal entities taking place within the risk group in which the bank is included but excluding the foundations not having the qualifications specified within the sub-clause (b) ,

b) Funds and foundations, belonging exclusively to their employees founded within the aim of procuring sources for health, social aid, retirement, caution and savings,

c) Political parties and syndicates

(2) Banks and institutions subject to supervision, who have declared losses in their consolidated and non-consolidated financial statements as of the end of accounting period cannot make any donations and aids within the next period.

Limits of Donations and Aids

ARTICLE 6 – (1) Total amount of donations and aids made by banks and institutions subject to consolidated supervision within one accounting period cannot exceed four per thousand of the amount of non-consolidated own funds of the bank to be calculated pursuant to the Regulation on the Own Funds of Banks based on the Article 4. At least half of this amount must be formed by donations and aids which may taken into consideration as amount deductible from corporate income or a discount while determining the corporate tax assessment according to the Act on Corporate Tax Nr. 5520 dated June 13, 2006.

(2) (**Amended OG: 27/4/2019-30757**) Operations as gratuitously assigning or transferring the movables of Bbanks which were part of their assets for at least four years subject to amortization and the revenues of participation banks acquired as a requirement due to the reasons arising from the legislation, which are not in compliance with the participation banking professional principles and standards and aids in order to allocate for the needs of homeless and abandoned children who had to leave their dorms due to their ages as required by related regulations and children who are taking shelter in the dorms regulated in Social Services Act Nr. 2828 dated May 24, 1983 are not subject to the limits specified within this Article

SECTION THREE

Miscellaneous and Final Provisions

Miscellaneous Provisions

ARTICLE 7 – (1) Banks shall review their compliance to the Article 59 of the Law and to this Regulation, basing on their non-consolidated financial statements prepared by the end of monthly and quarterly periods as well as the information they will receive from institutions subject to consolidated supervision regarding the donations and aids they have made within these periods.

(2) In the event of exceeding the ratio specified within the first sub-clause of the Article 6 because of the decreases occurred in the non-consolidated own funds of the bank, these exceedings shall be corrected by augmenting the non-consolidated own funds as to cover them, within the six months following the end of accounting period during which the donations and aids are made.

Entry into Force

ARTICLE 8 – (1) This Regulation enters into force on the date of publication.

Enforcement

ARTICLE 9 – (1) The provisions of this Regulation are enforced by the Chairman of the Banking Regulation and Supervision Agency.