

From the Banking Regulation and Supervision Agency:

REGULATION ON LOAN OPERATIONS OF BANKS

(Published in the 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 procedures and principles for the loans extended by the banks.

(2) The provisions of this Regulation cover the procedures and principles for:

a) Identification of natural persons and legal entities to be included in the same risk group in respect of those serving the banks and partnerships as members of board of directors and general managers and children not under custody,

b) **(Amended: OG-25/1/2019-30666)**¹ Principles for transfer of powers for extension of loan, the relations with the risk group of the bank itself and its members and formation and operation of and decision-making by the credit committee,

c) **(Amended: OG-25/1/2019-30666)**² Monitoring of loans and documentation of account status, requesting a rating grade,

ç) Assignment of exposure values for the calculation of loan limits,

d) Operations not subject to loan limits,

e) Monitoring of loan limits,

f) Elimination of excesses,

g) Funding methods for participation banks.

Basis

ARTICLE 2– (1) This Regulation has been prepared on the basis of Articles 47, 48, 49, 51, 52, 54, 55 and 93 of Banking Law Nr. 5411 dated October 19, 2005.

Definitions

ARTICLE 3– (1) Following terms used in this Regulation shall have the meanings expressly designated to them below:

a) Parent undertaking: Parent undertaking as defined in Article 3 of the Law,

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

¹ This amendment enters into force on 1/4/2019

² This amendment enters into force on 1/4/2019

- c) Financial institution: Financial institution defined in Article 3 of the Law,
- ç) Law: Banking Law Nr. 5411 dated October 19, 2005,
- d) Consolidated own funds: Consolidated own funds to be calculated as per the Regulation on the Own Funds of Banks,
- e) Control: Control defined in Article 3 of the Law,
- f) Loan(s): Transactions considered as loans under Article 48 of the Law,
- g) Agency: Banking Regulation and Supervision Agency,
- ğ) Qualified shares: Qualified shares defined in Article 3 of the Law,
- h) Own funds: Own funds to be calculated as per the Regulation on the Own Funds of Banks,
- ı) Risk group: Risk group defined in Article 49 of the Law,
- i) Law Nr. 3568: Law Nr. 3568 dated June 1, 1989 on Certified General Accountancy, Certified Public Accountancy and Sworn-In Public Accountancy.
- j) **(Add: OG-25/1/2019-30666)**³ Trader: Natural or legal person who engages in the buying, selling, producing, leasing and/or dealing the financial goods, rights and services based on the methods considered in the first paragraph of Article 19 of this Regulation,
- k) **(Add: OG-25/1/2019-30666)**⁴ Top manager: Top management as defined in Article 3 of the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks published in Official Gazette No:29057 dated July 11, 2014.

SECTION TWO

Natural persons and legal entities to be included in the same risk group, transfer of powers for extension of loans, the banks' relations with the related risk group of the bank and its members and credit committee

Natural persons and legal entities to be included in the same risk group

ARTICLE 4– (1) In determination by the banks of natural persons and legal entities to be included in the same risk group in respect of those serving multiple partnerships as general managers, members of board of directors or chairmen of board of directors, the following are considered:

- a) Such persons hold in the partnerships where they serve a higher sum of shares than they would normally acquire as per the relevant legislation,
- b) There is a relationship of control between the partnerships where such persons serve or the existence of surety, guarantee or similar relationships of such a magnitude to cause the financial distress suffered by one of them to lead to financial distress in others,

³ This amendment enters into force on 1/4/2019

⁴ This amendment enters into force on 1/4/2019

c) Existence of a relationship as relatives by blood and marriage of up to third and second degree, respectively, between the partners as natural persons controlling the partnerships where such positions are held,

ç) Such persons are granted benefits beyond employment benefits proportionate to their qualifications and experience.

In the event that one or several of these facts exists or exist, those serving as chairmen or members of board of directors and the said partnerships are included in the same risk group.

(2) (**Amended: OG-30/4/2013-28633**) In accordance with the second paragraph of Article 49 of the Law, Article 5(4) is not applicable for a bank and those included in the risk group in which a bank is included merely due to such characteristics of the bank's members of board of directors and general managers in connection with loans to be extended to the risk group in which the bank is included.

Transfer of power for extension of loan the relations with the risk group of the bank and its members (Title Amended: OG-25/1/2019-30666)

ARTICLE 5– (1) The powers for extension of loan in a bank basically rest with the board of directors. The board of directors is bound to develop policies regarding extension of loan, issue of approvals and other administrative principles, ensure their implementation and monitoring and take necessary measures. The board of directors may delegate its powers for extension of loan to a credit committee and office of general manager. A written proposal by the office of general manager is sought for extension of loan or transfer of powers by the board of directors. For those loans for which documentation of account status must be obtained, proposals by the office of general manager regarding extension of loans must be accompanied by financial analysis and intelligence reports on loan applicants.

(2) In case of determination of the loan limits to be extended to a natural person or legal entity, the board of directors may delegate loan extension powers to the credit committee and office of general manager at a maximum rate of ten per cent and one per cent of own funds, respectively. The office of general manager (general directorate) may exercise the loan extension powers transferred to itself through other units, regional directorates or branches.

(3) Powers must be delegated by the board of directors in writing by determining clearly and in full detail the scope and limits thereof in a manner also containing any aspects required to be determined routinely during extension of credit, particularly the sum and type of loans and guarantees to be received.

(4) Those holding loan extension powers may not take part in evaluation and decision making stages related to loan operations involving themselves and spouses and children under their guardianship or other natural persons and legal entities forming the risk group with them and they notify this situation to the supervisory committee in writing.

(5) (**Add: OG-25/1/2019-30666**)⁵ Dealing with the risk group in which the bank is included and the persons specified in the first paragraph of Article 50 of the Law, the followings are considered:

⁵ This amendment enters into force on 1/4/2019

a) Evaluation, approval and workflow processes for credit transactions, service contracts, sale and purchase and allied transactions are determined in writing by the board of directors.

b) Service contracts, sale and purchase transactions, credit transactions and allied transactions above the materiality threshold to be determined by the Board of Directors are approved by the Board. The Board is authorized to set a limit on aforementioned materiality threshold.

c) The required conditions for loan and other transactions should not differ from market conditions at all stages including evaluation, payment, collateralization and loss transfer.

(6) (Add: OG-25/1/2019-30666)⁶ The persons involved in the decisions and processes about the credits to be given to the persons specified in the fifth paragraph and with whom other transactions to be carried out should be determined in a way that prevents the conflict of interest.

(7) (Add: OG-25/1/2019-30666)⁷ Board of Directors is obliged to take all the measures to ensure that credit allocation and monitoring departments pay utmost attention to comply with the conditions laid down in this article.

(8) (Add: OG-25/1/2019-30666)⁸ Internal audit unit review whether the bank's transactions under this article have been properly applied, and monitoring and reporting of these transactions. Detected disruptions are reported to the Board of Directors along with the recommended measures.

Formation of a credit committee

ARTICLE 6– (1) A credit committee composed of minimum two members to be elected by the board of directors from among its members, who meet the same conditions sought for a general manager except for the term as per Article 25 of the Law and bank general manager or deputy general manager may be set up in order to perform the duties to be assigned by the board of directors in connection with loans. Two alternate members are elected from among the members of board of directors, who meet the same conditions sought for a general manager except for the term, to substitute the members of the credit committee who would not be able to attend any meetings. Affirmative votes of at least three fourth of the members of the board of directors are sought for election of members and alternate members of the credit committee.

(2) In the event that the foreign banks operating in Turkey by opening up branches establish credit committees, the board of directors functions as a credit committee at the same time.

Principles for operation of credit committees

ARTICLE 7– (1) The credit committee convenes with participation of all of its members.

(2) Resolutions adopted by the credit committee unanimously are directly implemented while resolutions adopted by it with a majority of votes are put into implementation after approval by the board of directors.

(3) The committee agenda is determined by the general manager or by his/her deputy if he/she is not available and it is communicated to other members. A written proposal by the office of

⁶ This amendment enters into force on 1/4/2019

⁷ This amendment enters into force on 1/4/2019

⁸ This amendment enters into force on 1/4/2019

general manager (general directorate) is sought for extension of loan by the credit committee. It is obligatory that proposals to be made in connection with loans for which documentation of account status are required to be obtained must be accompanied by financial analysis and intelligence reports on loan applicants.

(4) The board of directors is obligated to supervise operations of the credit committee. Each member of the board of directors is entitled to request the credit committee for all kinds of information on the operations of the committee and conduct any controls as he / she deems necessary.

(5) Resolutions by the credit committee are recorded on the book of resolutions. Credit committee book of resolutions is maintained subject to the procedures and principles governing the board of directors' book of resolutions.

SECTION THREE

Documentation of Account Status and Credit Rating⁹

Requiring Documentation of Account Status and requesting credit rating (Title Amended: OG-25/1/2019-30666)¹⁰

ARTICLE 8– (1) Banks have to receive documentation of account status for any loan to be extended except for the operations listed below:

- a) **(Amended: OG-19/2/2019-30691)** Operations not exceeding two million Turkish Liras,
- b) Operation conducted with public entities, their affiliates and local administrations covered by the central administration excluding public economic enterprises and their affiliates, subsidiaries and participations,
- c) Operations conducted with the central governments and central banks of foreign countries or against bonds and bills issued or guaranteed by them,
- ç) Operations based on cash, cash equivalent values and accounts and precious metals,
- d) Operations based on bonds and bills issued or guaranteed by the Treasury, Privatization Administration or Mass Housing Administration in respect of repayment,
- e) Operations conducted with the Central Bank of the Republic of Turkey or with the markets entrusted with this bank,
- f) Securities for trading purposes acquired from the securities exchanges or second hand markets to make use of fund surpluses with very short terms,
- g) Shares purchased from the organized stock exchanges or on ground of receivables,

⁹ With the amendment published in the Official Gazette dated 25/1/2019 and Nr. 30666, the title of the Third Section of the Regulation was changed as it was the " Statement of Account Document".

¹⁰ This amendment enters into force on 1/4/2019

ğ) Inter-bank operations by local banks limited to call operations or operations with a term of less than three months and securities and guarantees to be issued upon counter surety of these banks,

h) Operations with a credit risk of not more than USD five million based on the calculations to be made pursuant to Article 54(6) of the Law regarding the assignment of exposure values for the calculation of loan limit, which are conducted with banks or financial institutions enjoying rating marks classified as Class II as a minimum under Annex 1 and non cash credits to be extended upon their surety,

(2) (**Amended: OG-12/11/2009-27404**) Excluding consumer loans, documentation of account status are received within six months following every annual accounting period as long as a credit relationship continues.

(3) (**Add: OG-25/1/2019-30666**)¹¹ For loans to be determined by the Board, it is obligatory to obtain a credit rating from an authorized institution within the scope of the Regulation on the Authorization and Activities of the Rating Agencies published in the Official Gazette No: 28267 and dated April 17, 2012.

Documents to be accepted as documentation of account status

ARTICLE 9– (1) (**Amended: OG-19/2/2019-30691**) Pursuant to the Article 8 1), banks shall accept the following as documents on documentation of account status :

a) Financial statements of companies subject to independent audit in accordance with the Decree Law No. 660 and related regulations, which are prepared and audited in accordance with the accounting and financial reporting standards published by the Public Oversight Accounting and Auditing Standards Authority,

b) For those not covered by paragraph (a), for Turkish residents, financial statements which will be drawn up in line with Tax Procedural Law Nr. 213 dated 4/1/1961 and related regulations, and for residents a abroad in accordance with the foreign legislation to which they are subject, financial position statements, profit/loss statements and additional financial statements annexed thereto also including any footnotes meeting international standards.

The document of the statement of accounts is not received for partnership shares. Retention of the circular issued for investors in place of these documents will be sufficient in case of investments to be made on securities to be issued through public offers.

(2) For specialized loans to be extended to natural persons not maintaining books on the basis of financial position statements, documentation of account status to be drawn up in line with the nature of the operations of such persons may be received subject to approval by the Agency.

(3) Documentation of account status to be received from natural persons for operations not having the nature of a commercial credit in line with Annex 2 must be accompanied by documents certifying the person's ID particulars and income.

(4) It is obligatory that documentation of account status to be received from those resident in Turkey are signed by authorized and responsible persons and further that financial statements to be received from the residents abroad with a total credit risk of more than USD five hundred

¹¹ This amendment enters into force on 1/4/2019.

thousand with the bank based on the calculations to be made pursuant Article 54(6) of the Law, which governs the assignment of exposure values for the calculation of loan limits, and also from those with a credit rating of lower than Class Two as classified under Annex 1 must be certified by independent auditing institutions authorized by the legislation of relevant countries or operating at an international level. Independent auditing reports continue being received within 6 months following each accounting period as long as the credit relationship continues.

Audit of Documentation of account status

ARTICLE 10– (Amended: OG-19/2/2019-30691) It is essential that in case that loans to be extended by them to customers than the entities and partnerships in which more than half of capital is held by the public administrations, public economic enterprises and organizations included under the scope of Law Nr. 3291 dated 28/5/1986, and banks and companies, which are subject to independent audit in accordance with the Decree Law No. 660 and related regulations, are in excess of TRY two million, the compliance of the documents on statement of accounts including financial position statements thereto with the provisions of the legislation, accounting principles and accounting standards in force in Turkey is audited by the career practitioners authorized to conduct audits, who have received licenses as per Law Nr. 3568.

(2) In accordance with the first paragraph of this article, the provisions in the procedures and principles of operation concerning audits, which are implemented as per Law Nr. 3568, are applicable for the procedures and principles to be observed over audits.

Audits of documentation of account status and audit reports and other considerations

ARTICLE 11– (Amended: OG-19/2/2019-30691) (1) The auditing process in accordance with Article 10 is conducted by providing a note on documentation of account status and schedules of profit and loss attached thereto after preparation of the report meeting the principles in Annex 3 that such documentation has been prepared in compliance with the accounting principles and accounting standards in force in Turkey. The foot of the said note is signed by the career practitioner by indicating name and title.

(2) In the event that the financial position statements and profit/loss statements have not been prepared in compliance with the accounting principles and accounting standards in force in Turkey, the audit report may be conditional upon the implementation provisions of Law Nr. 3568.

(3) Career practitioners who will conduct audits must be included in the list of recognized career practitioners published by the Turkish Chamber of Certified Accountants, Financial Consultants and Sworn-In Financial Consultants.

(4) Other considerations concerning audits which are not covered by this Regulation are subject to Law Nr. 3568 and legislative provisions concerning this Law.

Additional Documents To be Required By Banks

ARTICLE 11/A –(Add: OG-19/2/2019-30691) (Amended: OG-16/8/2019-30860) (1) It is obligatory for banks to request from customers (firms) other than banks and financial institutions with a total risk of exposure of 100 million and more including the the loan requested according to the latest information on the Risk Center Banks Association of Turkey at the phase of loan allocation

a) Consolidated financial statements of those who have the obligation to prepare consolidated financial statements within the framework of accounting and financial reporting standards published by the Public Oversight, Accounting and Auditing Standards Authority, non-consolidated ones from those who are not obliged to prepare consolidated financial statements, the most recent financial statements prepared in accordance with the same standards and audited by independent audit firms authorized by the Public Oversight, Accounting and Auditing Standards Authority,

b) As defined in the accounting and financial reporting standards published by the Public Oversight, Accounting and Auditing Standards Authority, the most recent consolidated financial statements of the parent companies, which are the subsidiaries of another enterprise, which are in compliance with the definitions aforementioned, audited by independent audit institutions authorized by the Public Oversight, Accounting and Auditing Standards Authority

c) If any consolidated or non-consolidated financial statements of the companies, that are not under the sole control of other enterprises but are jointly controlled, have been prepared in accordance with the accounting and financial reporting standards published by the Public Oversight, Accounting and Auditing Standards Authority, and which are audited by the independent audit institutions authorized by the Public Oversight Accounting and Auditing Standards Authority,

ç) The analysis table in Annex-4, which will be prepared based on the information contained in the financial statements specified in paragraphs (a) to (c) and which includes the assurance report of the independent audit firm,

d) The corporate governance compliance reports to be prepared in accordance with the Capital Markets Board's Communiqué on Corporate Governance (II-17.1) published in the Official Gazette dated 3/1/2014 and numbered 28871 from the joint stock companies,

For the joint stock companies that are not subject to the Corporate Governance Communiqué, the report to be prepared in accordance with subparagraph (d) is from the corporate governance principles about the principles regarding the function of the board of directors, operation principles and the financial rights to be provided to the members of the board of directors and senior executives are taking into consideration regarding from the the provisions of the Corporate Governance Communiqué and are prepared in accordance with the cited Communiqué

The financial statements requested by banks in accordance with the provisions of this article refer to the financial position statements and profit loss statements including the footnotes in accordance with the international standards to be issued in accordance with the foreign legislation to which they are subject, and the additional financial statements. Paragraph (d) of the first paragraph is not applied for non-resident credit customers.

(2) As long as the credit relationship continues, the financial statements listed in the first paragraph, the analysis table given in Annex-4 and the corporate governance compliance report are continued to be taken within six months of following the accounting period of each year.

Sectoral and financial analysis report

ARTICLE 11 / B --(Add: OG-19/2/2019-30691) (1) Systemically important banks determined in accordance with the Regulation on Systemically Important Banks published in

the Official Gazette dated 23/2/2016 and numbered 29633 must keep the followings ready for inspection.

- a) Analysis reports that they will prepare on an annual basis by determining the top 5 sectors, excluding personal loans, from the sectors with the highest credit risk they are exposed to,
- b) According to the definition of the risk group specified in Article 49 of the Law, the consolidated financial analysis and credit intelligence reports to be prepared on an annual basis for the 50 largest risk groups by the end of the year

SECTION FOUR

Rates of consideration in loan limits, calculation of loan limits on a consolidated basis, operations not subject loan limits

Consideration of non-cash loans, futures and options contracts and other similar contracts and partnership shares

ARTICLE 12– (1) Operations listed by Article 48 of the Law and bills of surety, guarantees and sureties received by the banks in connection with such operations are included in calculation of loan limits..

(2) In the implementation of loan limits;

- a) payment commitments are considered at a rate of one hundred per cent for guarantee letters issued for provision of cash, acceptance credits, purchase guarantees in issues of securities, credit cards spending limits and checks,
- b) (**Amended: OG-12/11/2008-27052**) Counter guarantees to be issued by the banks in connection with guarantee letters given for overseas contracting services and guarantee letters to be extended to overseas entities in the form of consortia, of which the Export Credit Bank Corp. of Turkey (Türkiye İhracat Kredi Bankası AŞ) is a part and counter-guarantees to be granted by banks relating to advance payments and bid bonds to be issued by the Export Credit Bank Corp. of Turkey (Türkiye İhracat Kredi Bankası AŞ) as part of overseas contracting services are considered at a rate of forty per cent, and in the case that guarantee letters and counter-guarantees to be granted under this scope are granted by a consortium to be formed by at least three banks and each bank to takeover 15% of the risk, they are considered at a rate of twenty percent,
- c) Non-cash loans extended against securities issued or guaranteed by the banks operating in Turkey in respect of payment or on the basis of counter surety of these banks are considered at a rate of twenty five per cent,
- ç) Other non-cash loans are considered at a rate of fifty per cent,
- d) Bills of surety, guarantees and sureties covered by the paragraph is considered at the same rate as the rate of consideration for loan for which bills of surety or guarantees or sureties are underwritten, excluding the calculation of the limit of eight times covered by the Article 54(4) of the Law.

(3) In the implementation of the loan limits laid down by Article 54 of the Law;

(a) Nominal values of futures transactions based on foreign currency, interest rates and gold and swap trading contracts and trading options purchased are considered after multiplying them with the rates indicated in the following table depending on the initial terms of the contracts:

INITIAL TERM (Term on the contract)	Contracts Related to Interest Rates (%)	Contracts Related to Exchange Rates and Gold (%)
With a term of up to two weeks	0	0
With a term of one year and less	0,5	2
With a Term of one year to 2 years	1	5
Two years and for every additional year after two years	1	3

b) It is considered adding up the sums obtained by multiplying the positive market rates of the contracts related to futures, swap trading contracts based on shares, precious metals other than gold and other products and trading options purchased by the rates indicated in the table below depending on the remaining terms of their nominal values:

PERIOD BEFORE TERM (Term on the Contract)	Contracts Related to Shares (%)	Contracts Related to Precious Metals Other Than Gold (%)	Contracts Related to Other Assets (%)
Those with one year or less before their terms	6	7	10
Those with more than one year and less than five years before their terms	8	7	12
Those with five years and more before their terms	10	8	15

(4) Partnership shares are considered on the basis of their sums of costs in respect of limitations laid down by Articles 54 and 56 of the Law. Shares held for trading purposes for which period of possession is no longer than five business days are not considered.

(5) **(Amended: 11/7/2013-28704)** For the banks operating in Turkey, in response to those obligations contained in unconsolidated subsidiaries of banking operations in foreign countries of these banks, the commitments that have unlimited guarantee given to the competent authorities of foreign countries in accordance with the relevant country's legislation are taken into account as thirty percent. The amount of loans shall be taken into account to be taken as

basis is calculated the amount to be deducted from the capital in the own funds calculation of banks according to the relevant country legislation.

(6) The provisions of Article 14 are reserved for the rates of consideration for the operations related to the central administrations, central banks and credit organizations in the foreign countries.

Limitations concerning housing, vehicle and consumer loans

ARTICLE 12/A- (Add:OG-31/12/2013- 28868)¹² (1) (Amended: OG-25/1/2019-30666) In loan allocations to consumers for housing and in secured loans by mortgage except for vehicle loans or in financial leasing operations, the ratio of the loan to the value of the house taken as collateral cannot exceed eighty percent. This ratio is based on the Energy Efficiency Law No. 5627 dated 18/4/2007 and the Energy Identification Document issued pursuant to its sub-regulations; ninety percent for energy-rated class A homes and eighty-five percent for energy-class B homes. It is obligatory that the valuation of real-estates taken as collaterals for loans subject to limitations is conducted by valuation companies authorized by the Board or by the Capital Markets Board and that these limits are used in the limitation.

(2) **(Amended :OG-25/1/2019-30666)** The ratio of the loan amount to the value of the vehicle cannot exceed seventy percent for those cars whose final invoice amount is below one hundred twenty thousand Turkish Lira for vehicle loans and loans with vehicle collateral or in financial leasing operations. With a final invoice amount exceeding 100.000TL, this rate is applied as 70% for the portion of the amount up to 100.000TL and as 50% for the portion of the amount above 100.000TL. In the determination of the value of second-hand passenger cars, the car insurance value is taken as a basis.

(3) **(Amended: OG-14/1/2020-31008)** Excepting the loans allocated within the scope of housing acquisition and renovation, loans granted to consumers for the purpose of purchasing goods or services in a manner that will qualified an integral part of the manner, which is regulated in article 684 of the Turkish Civil Code No. 4721 dated 22/11/2000, renting of houses to consumers through financial leasing, loans for other real estate purchases, loans to be used for financing education and tuition fees and loans granted on condition that payments are made directly to the account of the relevant institution or organization for financing of debts to public institutions and organizations and loans extended for refinancing these loans,, the maturity of consumer credits cannot exceed sixty months, maturity for the vehicle loans whose invoice amount 120.000TL and below cannot exceed sixty months, maturity for the vehicle loans whose invoice amount above 120.000TL and colleted vehicle loans can not exceed forty eight months, cannot exceed sixty months, the maturity of the loans extended for the purpose of computer purchase can not exceed twelve months, and the maturity of the loans extended for the purchase of tablets can not exceed six months, the maturity of loans extended for the purchase of mobile phones up to three thousand five hundred Turkish Liras can not exceed twelve months, maturity of loans extended for the purchase of mobile phones over three thousand five hundred Turkish Liras can not exceed three months. In restructuring of these loans the same maturity is applied.

¹² The second paragraph of this article comes into force on 1/2/ 2014.

(4) Limitations stated in the second and third paragraphs of this article are not to be applied for loans allocated before the publication of this article, nor in the event of re-structuring of these loans.

(5) In the event of exceeding the limitations stated in this article, the exceeding part of credit shall be taken into account as the amount to be deducted from the capital in the own funds calculation of banks; in case the valuation of real-estates taken as collateral for credit subject to first paragraph has not been made by valuation companies authorized by the Board or the Capital Markets Board, the absolute amount of credit shall be taken into account as the amount to be deducted from the capital in the own funds calculation of banks.

(6) **(Add:OG-14/1/2020- 31008)** The Board is authorized to amend the restrictions in this article or to bring additional restrictions in this regard by taking the opinion of the Presidency of Turkey Directorate of Strategy and Budget, the Ministry of Treasury and Finance.

Calculation of loan limits on a consolidated basis

ARTICLE 13– (1) The loan limits covered by Article 54 of the Law in respect of principal partners according to the arrangements put into implementation as per the law are calculated and applied on a consolidated basis according to the procedure laid down by the present article.

(2) Consolidated loan limits are calculated on the basis of the periods for preparation of consolidated financial statements by taking into account the loans included in the balance sheet and off-balance sheet accounts of the parent undertaking and each partnership in the group of financial institutions subject to consolidation and the sum of consolidated own funds calculated as per the Regulation on the Own Funds of Banks. Factoring receivables of financial institutions subject to consolidation as well as items concerning their various loans and borrowed funds have the nature of cash loan.

(3) In calculation of the loan limits which can be extended to a risk group, all the debts and obligations by the natural persons and legal entities covered by the definition of the risk group to all the partnerships included in the group of financial institutions subject to consolidation, which have the nature indicated by the second sub-clause, are considered.

(4) In calculation of the loan limits that may be extended to a risk group on a consolidated basis, the definition of the risk group is applied as “risk group in which the group of financial institutions is also included” by taking into account the parent partnership and every partnership included in the group of financial institutions subject to consolidation.

(5) The loan limits covered by Article 54 of the Law are also calculated and applied on a non-consolidated basis.

(6) For the purpose of implementing the provisions of the law, whichever has excess in the limits calculated on consolidated and non-consolidated bases is considered the sum of excess; in case of an excess in both of them, the higher amount is considered.

(7) The provisions related to the rates of consideration laid down by Articles 12 and 14 and operations which will not be subject to any limits are reserved.

Rates of consideration for operations related to the central administrations, central banks and credit institutions of foreign countries

ARTICLE 14– (1) For the purpose of implementing the credit limits under the law;

1) Operations to be considered at a rate of zero per cent;

a) Loans to be extended to the central administrations and central banks of foreign countries which have country ratings classified as Class One in Annex 1 and credits to be extended against securities issued by them or other guarantees provided,

b) Loans to be extended to the European Central Bank and Credits to be extended against securities to be issued by this bank or guaranteed to be provided by it.

2) Operations to be considered at a rate of twenty per cent;

a) Participations in those of issues of securities or other forms of borrowing by “Multilateral Banks and Financial Organizations”, which have credit ratings classified as Class One in Annex 1, and loans to be extended against guarantees to be given by them,

b) Loans to be extended by the credit institutions in foreign countries, which have credit ratings classified as Class One in Annex 1, to those, which have credit ratings classified as Class One in Annex 1, and credits to be extended against guarantees to be given by them,

c) Loans to be extended by those of securities, which have credit ratings classified as Class One in Annex 1, issued under surety of the credit institutions in foreign countries, which have credit ratings classified as Class One in Annex 1.

3) Operations to be considered at a rate of fifty per cent;

a) Loans to be extended to the central administrations and central banks of foreign countries, which have credit ratings classified as Class Two in Annex 1, and credits to be extended against securities issued by them or other guarantees given,

b) Loans to be extended to those credit institutions with their head offices in foreign countries, which have credit ratings classified as Class One in Annex 1, and Credits to be extended to against guarantees to be given by them,

c) Loans to be extended b the credit institutions in foreign countries, which have credit ratings classified as Class One in Annex 1, to those, which have credit ratings classified as Class Two in Annex 1, and credits to be extended against guarantees to be given by them,

ç) Loans to be extended by those of securities, which have credit ratings classified as Class One in Annex 1, issued under surety of the credit institutions in foreign countries, which have credit ratings classified as Class Two in Annex 1.

4) Operations to be considered at a rate of eighty per cent;

a) Loans to be extended to the central administrations and central banks of foreign countries, which have credit ratings classified as Class Three in Annex 1, and credits to be extended against securities issued by them or other guarantees given,

b) Loans to be extended to those credit institutions with their head offices in foreign countries, which have credit ratings classified as Class One in Annex 1, and Credits to be extended to against guarantees to be given by them,

c) Loans to be extended to those credit institutions with their head offices in foreign countries to those, which have credit ratings classified as Class Two in Annex 1, and Credits to be extended to against guarantees to be given by them,

ç) Loans to be extended by those of securities, which have credit ratings classified as Class One in Annex 1, issued under surety of the credit institutions in foreign countries, which have credit ratings classified as Class Third in Annex 1.

5) Operations to be considered at a rate of fifty per cent;

a) Loans to be extended to all kinds of banks, credit institutions and financial institutions having their head offices in the off-shore banking zones excluding those whose financial sheets are consolidated with the banks extending credits by the full consolidation method and Loans to be extended to against securities issued by such organizations and entities, guarantees to be issued by them or pursuant to their surety,

b) Those of cash loans extended to foreign banks, credit institutions and financial organizations, which are tied to conditions other than terms in respect of repayment and those extended for use by certain natural persons or legal entities or risk groups for forming guarantees for loans to be extended,

c) Mutual operations.

(2) Operations other than those indicated by the first sub-clause are considered at a rate of one hundred per cent.

(3) The non-cash loans and futures operations and options contracts and other similar contracts covered by the present article are additionally weighted on the basis of the rates in this article after exposure values in accordance with by the Article 12 are applied.

(4) In the event that an excess occurs in the loan limits due to the falls in or withdrawal of the ratings awarded by the international rating institutions and that the excess cannot be eliminated through withdrawal of loans at call extended, loans at call may be maintained until the terms of securities, deposits and other credit accounts provided that loans at call are not involved in any additional extensions or maturity renewals.

(5) In case of emergence of class distinction between the ratings given by multiple international rating institutions about the same country, borrower, borrowing, securities or bank in respect of the classifications covered by Annex 1, the lower of such ratings is considered.

(6) The banks are obliged to provide, follow and maintain all kinds of information and documents about their operations benefiting the provisions of the present article, which leave no room for suspicion about their soundness. The bank has the burden to prove that the operations are eligible for utilization of the privileged rates laid down by the present article.

Operations by the banks established abroad with the head Office of their branches in Turkey and with other branches established abroad

ARTICLE 15- (1) If a bank established in another country has branches in Turkey and its branches place deposits in their head offices or other branches abroad, then such deposits shall be deemed to constitute loans pursuant to Article 48 (1) of the Law and included in the calculation of "the risk group including the bank" as defined in Article 54 (1) thereof.

(2) For the purposes of this Article, funds obtained from the head office or other branches abroad shall be treated as a cash equivalent under Article 55 of the Law provided that their maturity is not shorter than the term of such deposits placed.

Transactions not subject to loan limits

ARTICLE 16- (1) The following operations are also not subject to the credit limitations covered by Article 54 of the Law pursuant to Article 55 (1/i) of the Law:

a) Loans at call and loans with a maturity of up to three months without any postponement, which are mutually extended by the banks, excluding those extended as guarantees or pledges or to certain natural persons and legal entities or risk groups.

b) Those with a maturity of up to six months, which are sight and have no postponement, out of the operations conducted in the markets created for establishment by the Turkish Union of Banks of the Turkish Lira Reference Interest Rate (TRLIBOR).

c) (Amended by the OG-25/1/2019-30666) The loans extended to banks whose majority of the capital together or separately belongs to the Treasury, Privatization Administration Chairman, Turkey Wealth Fund Stock Company and other public agencies under central government,

ç) Daily differences arising out of the non-conformity between the records of debts and receivables of the branches of banks in Turkey and their head offices and other branches established abroad as per the first sub-clause of Article 15.

(d) (**Add:OG-2/2/2007-26422**) Partnership shares in consolidated banks and financial institutions.

(e) (**Add:OG-30/7/2010-27657**) Credits extended against bails provided in line with the support given by the Undersecretariat of Treasury within the framework of the temporary article 20 of Law on Regulating Public Financing and Debt Management Nr. 4749 dated March 28, 2002.

(f) (**Add:OG-30/7/2010-27657**) Operations made against debt securities issued as securities by the bank extending the credit.

(g) (**Add:OG-11/7/2013-28704**) Commitments qualified as unlimited guarantee, given by banks operating in Turkey against the liabilities of their consolidated partners conducting banking operations in foreign countries, to the competent authorities of foreign countries, pursuant to the legislation of the related country.

(2) (**Add:OG-25/1/2019-30666**) In accordance with subparagraph (i) of the first paragraph of Article 55 of the Law, partnership financing specified in Article 19 are not taken into account in the calculation of loans extended to the risk group of the bank.

Monitoring loan limits

ARTICLE 17– (1) In calculation of loan limits by the banks, the facts that persons using credit actually and persons extending credit may be different or that credit may have been extended to multiple persons by considering factors involving who is liable for eventual risks in respect of banks and who is liable thereof and individual credit limits must be monitored separately on the basis of each natural person and legal entity.

Rectification of breach of the limits

ARTICLE 18– (1) In calculation of loan limits, last period own funds and consolidated own funds calculated as per the Regulation on the Own Funds of Banks are taken into account. In the event that there are excesses in calculation of limits covered by Articles 54 and 56 of the Law due to the falls that may take place in own funds and consolidated own funds, such excesses must be made up for in the period of seven months that follows the period of calculation of own funds and consolidated own funds by increasing own funds or consolidated own funds in a manner to compensate for such excesses occurring or decreasing the operations which cause such excesses. In case the own funds or consolidated own funds is met through capital expansion, it is essential that the sum, which is equal to the missing portion of the own funds or consolidated own funds in respect of the sum of increase, must be collected within this seven month period. If the excess that have occurred requires increases in own funds and consolidated own funds, expansion is achieved by taking into account the own funds requiring the highest sum of increase.

SECTION FIVE

Miscellaneous and Final Provisions

Financing methods of participation banks

ARTICLE 19– (1) **(Amended with title: OG-25/1/2019-30666)**¹³ Funding methods of participation banks are given below:

- a) **Selling:** It is the process of providing all kinds of tangible and intangible goods and rights and services required by the customer by paying the price to the seller for the purpose of financing the customer. Selling methods are sale with profit declaring (murabaha), at-cost sale, bargain sale (musawamah), prepaid sale (salam), open account sale (istijrar), commodity sale with profit declaring (tawarruq) and order sale (istisna’).
- b) **Renting:** It is the process of transferring the benefit of an asset that can be used without consumption to the customer for a certain period of time in order to provide financing. Rental methods are ordinary lease, financial lease, operational lease, usufructuary lease and labor lease.
- c) **Partnership:** It is the process of establishing a partnership with customers for financing to participate in profit and loss arising from the activities of a real or legal person or acquisition of a particular property. Partnership methods are labor-capital partnership (mudarah), profit-

¹³ This amendment enters into force on 1/1/2020.

loss partnership (musharakah), investment partnership (venture capital), ownership partnership and agricultural partnership.

ç) Wakalah: It is the process of authorizing the customer as an agency through the agency contract signed between the customer and the bank in order to finance an income generating activity, in which all or a predetermined portion of the profit or the loss belongs to the bank. Wakalah methods are ordinary agency and agency investment (wakalah fi al-istithmar).

d) Other methods are benevolent loan (qard al-hasan), surety, guarantee, promise, reward promise (jualah) and other methods to be determined by the Board.

(2) Legal relations based on the methods listed in the first paragraph and the standards to be determined regarding these methods shall be established for the purpose of providing financing exclusively.

(3) Participation banks cannot provide cash financing to their customers for income purposes.

(4) Regarding the transactions based on selling methods, it is obligatory that the payments based on the documents prepared by the seller where the customer is in the purchaser position, to be made to the seller through the financier bank, to show them in the bank's records and to keep a copy of the purchase-sale document in the bank.

(5) A financing partnership shall be established between the bank and the customer in financing transactions based on methods other than the ownership partnership, which is one of the partnership methods listed in paragraph (c) of the first paragraph. The financing partnership shall be established exclusively for the purpose of providing financing under the provisions of Article 48 of the Law in order to participate in profit and loss arising from a particular activity or all activities of the customer and be subject to the relevant legislation provisions regulating the partnerships to the extent that it complies with the provisions of this article.

(6) Financing partnership shall be established as a capital company regulated in the Turkish Commercial Code dated 13/1/2011 and numbered 6102, or by a fixed-term partnership agreement signed between the parties. Sharing rates of the parties in profit and loss shall be specified in the contract.

(7) Financing partnership agreements must include the rights and obligations of the parties, particularly the management of the partnership where the bank is a shareholder. It is obligatory to dispose of the financing partnership shares within a maximum of seven years. The Board may extend the seven-year period, if required, upon application by the Bank to the Agency with supporting documents on the subject.

(8) To ensure that the contracts to be signed with customers for financing based on the methods listed in the first paragraph are implemented uniformly and are in compliance with the interest-free banking principles and standards, standard contracts shall be prepared by the Participation Banks Association of Turkey upon receiving the approval of the Board.

(9) The standards for each method of financing listed in the first paragraph shall be determined by the Participation Banks Association of Turkey upon receiving the approval of the Board.

(10) Development and investment banks may provide financing to their customers based on the methods listed in the first paragraph, provided that they comply with the provisions of this

article and the regulations to be made based on the provisions of this article and use only funds collected through interest-free methods.

Repealed Regulation

ARTICLE 20– (1) The Regulation on the Establishment and Operations of Banks issued in Official Gazette dated June 27, 2001 Nr. 24445 and the Regulation on the Establishment and Operations of Private Financial Institutions published in Official Gazette dated September 20, 2001 Nr. 24529 are hereby repealed.

Adaptation

PROVISIONAL ARTICLE 1– (1) The banks which have exceeded the limits covered by the Law in terms of the sum of loans extended by them to natural persons and legal entities or a risk group due to the new provisions concerning the rates of consideration introduced by Article 12 may never extend new loans to such natural persons and legal entities or risk group in any manner whatsoever. Starting from the calendar year following the date of entry into force of the provisions of this Regulation, the banks eliminate the sums of excess taking place in the total sums of loans extended by them to natural persons and legal entities or a risk group for each year until December 31, 2009 by redeeming thirty per cent of such sums by the end of the first year, sixty per cent by the end of the second year and one hundred per cent by the end of the third year.

PROVISIONAL ARTICLE 2–(Add: **OG-27/9/2016-29840**)¹⁴ Debt balances of consumer loans extended before the date of publication of this article may be restructured, if requested by the debtor, provided that it is limited to not more than seventy-two months. In case of additional loans to the borrower under the restructuring, the maturity of the loan can not exceed forty-eight months.

PROVISIONAL ARTICLE 3–(Add: **OG-15/8/2018-30510**) (1) The debt balances of consumer loans extended before the effective date of this article may be restructured to be limited to a maximum of forty-eight months, if requested by the debtor within one year from the effective date of this article. In case of additional loans to the borrower within the scope of restructuring, the maturity of the loan can not exceed thirty-six months.

PROVISIONAL ARTICLE 4–(Add: **OG:27/11/2018-30608**) (1) In the third paragraph of Article 12/A, the six-month term limit is applied as twelve months until 31/1/2019 for the loans extended for the purchase of mobile phones with a price over three thousand five hundred Turkish Liras.

PROVISIONAL ARTICLE 5–(Add: **OG: 25/1/2019-30666**) (1) As of the effective date of this article, the maturity limit is applied as sixty months in consumer loans that are used for the payment of credit card debts, including those whose credit card debts have been paid as minimum amount and whose remaining debt is credited, provided that current debt is limited to existing debt balances of partially or wholly unpaid credit cards. If the credit card debt is in another bank, the credit is extended by making payments to the relevant bank to ensure that the debt is paid.

¹⁴ This amendment enters into force on 1/9/2018.

PROVISIONAL ARTICLE 6–(Add: OG: 10/2/2019-30682) (1) Before the effective date of this article, debt balances of non-performing consumer loans with delayed collection of principal and/or interest payments may be restructured to a maximum of sixty months if requested by the debtor.

PROVISIONAL ARTICLE 7–(Add: OG: 26/2/2019-30698) (1) Debt balances of consumer loans extended before the effective date of this article may be restructured to be limited to a maximum of sixty months if requested by the debtor.

Entry Into Force

ARTICLE 21– (1) This Regulation enters into force on the date of publication.

Enforcement

ARTICLE 22– (1) The provisions of this Regulation are enforced by the Chairman of the Banking Regulation and Supervision Agency.

	The Official Gazette in which the Regulation was published:	
	Date	Number
	01/11/2006	26333
	Official Gazettes in which Regulations amending the Regulation were published:	
	Date	Number
	02/02/2007	26422
1.	02/02/2007	26422
2.	12/11/2008	27052
3.	12/11/2009	27404
4.	30/7/2010	27657
5.	30/4/2013	28633
6.	11/7/2013	28704
7.	31/12/2013	28868
8.	25/11/2015	29543
9.	27/9/2016	29840
10.	14/12/2016	29918
11.	12/12/2017	30268
12.	7/6/2018	30444

13.	15/8/2018	30510
14.	27/11/2018	30608
15.	25/1/2019	30666
16.	10/2/2019	30682
17.	19/2/2019	30691
18.	26/2/2019	30698
19.	16/8/2019	30860
20.	14/1/2020	31008

Classification of International Organizations and Regions and Credit Organizations and Credit Ratings

Credit organizations refer to the banks, for which operating permissions are issued by the competent authorities of foreign banks,

Off-shore Banking Zones refer to private banking centers, the demarcation of which is outside a country where banking operations are in place or which are excluded from the economic and financial legislation in force on a country wide basis or which are prohibited to receive deposits and funds from nationals of the country of incorporation, which are excluded from the administrative, financial and economic legislation implemented throughout the country although they are located within the country's political territories or for which different and privileged regulations, particularly those related to banking and tax legislation, are applicable, and entire territories of those countries where the legislation implemented on a nationwide basis is arranged without any particular differentiation such that it can compete with off shore banking zones.

International credit rating institutions refer to at least one of the rating institutions, "Moody's", "Standard & Poor's" and "Fitch IBCA", which periodically assess the creditworthiness of the central administrations and central banks of countries in general and repayment or payment capabilities of debtors or debts, securities or organizations and entities issuing them, their bank ratings or soundness of financial structures of banks and financial organizations and their debt servicing capabilities in general and publicly announce their ratings to an international audience and receive recognition for their ratings in international markets.

Multilateral Banks and Financial Organizations refer to the following banks and financial organizations founded under the multilateral treaties concluded between the countries: International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD), International Finance Cooperation (IFC), International Development Association (IDA), Multilateral Investment Guarantee Agency (MIGA), European Investment Bank (EIB,

European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), Asian Development Bank (AsDB)”, African Development Bank (AfDB), Islamic Development Bank (IsDB) and Black Sea Trade and Development Bank (BSTDB).

International Credit Ratings

The international credit ratings which will be assumed as Class One, Class Two, Class Three and Class Four for the purpose of implementation of this Regulation are as follows in respect of the types of ratings used by the international credit rating institutions and their symbols.

1) Country and International Long Term Credit Ratings for Foreign Currency Commitments (In terms of borrowers or securities issued or other borrowings)

	Class One	Class Two	Class Three	Class Four
Moody’s	Aaa, Aa1, Aa2	Aa3, A(1,2,3)	Baa1, Baa2	Baa3, Ba(1,2,3)
S&P’s	AAA, AA(+), AA	AA(-), A (+,-)	BBB (+), BBB	BBB(-), BB(+,-)
Fitch IBCA	AAA, AA (+), AA	AA(-), A (+,-)	BBB (+), BBB	BBB(-), BB(+,-)

2) International Short Term Credit Ratings for Foreign Currency Commitments (In terms of borrowers or securities issued or other borrowings)

	Class One	Class Two	Class Three
Moody’s	Prime-1	Prime -2	Prime-3
S&P’s	A-1(+), A-1	A -2	A -3
Fitch IBCA	F1(+), F1	F2	F3

3) International Long Term Creditworthiness (UVKD) or Financial Capability (FG) Ratings for Foreign Currency Commitments, Which Are Given to Banks:

	Class One	Class Two	Class Three	Class Four
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Moody's (FG) (UVKD)	A Aaa	B+, B Aa(1,2,3), A(1,2,3)	C+, C Baa1, Baa2	D+, D Baa3, Ba(1,2,3)
S&P's (UVKD)	AAA	AA(+,-), A(+,-)	BBB(+), BBB	BBB(-), BB(+,-)
Fitch IBCA (FG) (UVKD)	A AAA	A/B , B AA(+,-), A(+,-)	B/C, C BBB(+), BBB	C/D, D BBB(-), BB(+,-)

Documentation of account status to be received by banks from applicants for credits and surety or guarantees to be extended

Introductory Information

I- Of the company:	
Commercial title	
Date of establishment / Commercial or Free Artisans Registration Nr	
Dates and Numbers of the Turkish Journal of Trade Registrations	
Place of business, address, telephone, telex and fax numbers	
Nationality	
Tax office and tax registration number	

Operational weight in the sector of operation (%)	
Principal field of operation	
Ancillary fields of operation	
Known title of the capital group of which it is a part and this group's share in capital	

II- In the companies without a status as a legal entity	
Of the partnerships in which the company owner (owners), spouse(s) and children have participation with unlimited liability	
Titles	
Addresses	
Total shareholdings in these partnerships (%)	

Of the partnerships in which the company owner (owners) and spouse(s) and children and partnerships having their participation with unlimited liability control capital or management individually or collectively	
Titles / names	

Addresses	
Their total shareholdings in these partnerships (%)	
Of the partnerships in which the partnerships with a participation by the company owner (owners) and spouse(s) and children and partnerships in which they control capital individually or collectively control capital, management and supervision individually or collectively, directly or indirectly	
Titles / names	
Addresses	
Their direct and indirect shareholdings in these partnerships (%)	

III- In the companies with a status as a legal entity;	
Names and capital shares of managers and auditors	
Chairman of the board of directors	

Members of board of directors	
Auditors (and if they are partners)	
Directors authorized as per Article 319 of Turkish Commercial Code	
Names and capital shares of those partners having significant ownership in capital	
Names and capital shares of those partners included in the controlling capital group	
In case of the partnership of capital groups other than the controlling capital group, known names and capital shares of these groups	
If shares are publicly offered and if yes, rate of such public offers	
Capital shares of overseas resident natural persons and legal entities	

Of the partnerships which are controlled in terms of capital, management and supervision jointly with other companies and persons included in the capital group having direct or indirect control of the company capital or separately, directly or indirectly;	
Titles / names	

Addresses	
Their direct and indirect shareholdings in these partnerships (%)	
Of the natural persons and legal entities in a relationship, which are of a scale to cause the company to suffer financial distress in case it encounters financial distress:	
Titles / names	
Addresses	

IV-Financial information (For the last three years)	1. Year	2. Year	3. Year
Total assets			
Disposable (liquid) assets			
Total current assets			
Long term and fixed assets			
Call and overdue foreign funds			
Short term foreign funds			
Long term foreign funds			
Own Funds			

Period profit or (loss)			
Stocks			
Exports (US Dollars)			
Imports (US Dollars)			
Sales from productions			
Information on Added Values			
Salaries and Wages Paid			
Rents Paid			
Indirect Taxes			
Value Added Tax			
Other taxes			
Subsidies (-)			
Subsidies & tax refunds			
Refundable VAT on Exports			
V- Other information			
Nr. of staff (annual average)			
Whether or not it is subject to any special accounting period			
Title of the independent auditing organization auditing the company			
If it has an international credit rating; if yes, type, degree and date of the			

credit rating and international credit rating institution issuing the rating	
Ongoing investments;	
Type	
Start date	
Scheduled completion date	
Total investment costs	
Sum of actual investment	
VI- For Contractors: (to be completed separately for each ongoing job)	
Employer	
Job Commencement Date	
Deadline extension (if any)	
Award value of the job	
Escalation and price difference	
Year end progress payments	
Sums of withholding taxes deducted(-)	
Total revenues	
Total expenditures	

Documentation of account status to be received from natural persons for operations not having the nature of a commercial credit

Surname :

Name : **Father's Name** :

Sex : **Nationality** :

Place and Date of Birth :

Marital Status :

ID Card Serial No : **Date and Place of Issue** :

Driving License No , if any: **Date and Place of Issue** :

Tax ID No :

Education :

Of the family members of cohabitation :

Name Surname	Degree of relationship	Date of Birth	Job and Profession if Employed	School name if receiving education
1.				
2.				
3.				
4.				
5.				

Address of Legal Domicile :

District : **Province:** **Postal Code:**

Telephone Home : **Cellular :**

E-mail address :

Duration of domicile at the current address in terms of years :

House of domicile : **Own** **Rent**

Owned by one of the family members **Lodging**

If house of domicile is rented :

Monthly rent :

If the house of domicile is owned by himself / herself or by one of the family members, is there mortgage on it? :

Are there any payable debts on the house? :

Sum if there are any mortgage or debts :

Monthly debt servicing sum :

Beneficiary of the mortgage :

Social Security Organization of which he / she is a member :

Pensions Fund Registration No :

SSK Registration No :

Bağkur Registration No :

Other (insert) Registration No :

Profession :

Title of Employer in Case of Present Employment :

Address :

Telephone :

Position - Title :

Duration of employment by the present employer in terms of years :

Title of Previous Employer In Case of Employment of Less Than Two Years by the Present Employer :

Address :

Telephone :

Period of employment :

Reason for Leaving :

Type of Job in Case of Self Employment :

Title of the Workplace :

Commercial Registration No :

Tax Registration No :

Address :

Telephone :

Duration of Self Employment In Terms of Years :

Of Real Estate Owned :

	Type	Address	Vol. Nr.	Page Nr.	Island Nr.	Parcel Nr.	Area	Share	Sum if mortgaged	Mortgage beneficiary and degree
1										
2										
3										
4										
5										

Make if a car is owned:

Year:

License Plate Nr.:

Purpose of use:

Share :

Total sum of credits and other debts payable:

Monthly payment sum:

Of credits and debts:

	Type	Sum	Creditor
1.			
2.			
3.			
4.			
5.			

Bank information :

Bank Name	Branch	Account type	Balance
1.			
2.			
3.			
4.			
5.			

Credit Card Information :

Card Name	Issuer	Card Number
1.		
2.		
3.		
4.		
5.		

Of the credit requested :

Type	Sum	Payment Term
1.		
2.		
3.		
4.		
5.		

Income Information :

Of Income	Sum (Monthly Net)	
Type (Wages, Salaries, Rents, Etc.)	Own	by other family members
1.		

2.		
3.		
4.		
5.		

Of two persons or organizations which can provide information about applicant:

Name Surname (Title)	Address	Telephone
1.		
2.		

Date

Signature of applicant

Principles for preparation of reports concerning auditing of Documentation of account status and balance sheets and schedules of profit and loss annexed thereto, which will be received from applicants for loans, surety or guarantees to be extended by banks

An audit report will be prepared as per “Report Cover” in Annex 4/A and “Report Order” in Annex 4/B.

1.DOCUMENTS TO BE REQUESTED

The following documents for the last three years are benefited in preparation of an audit report:

- a) Balance sheets and income sheets (as certified by the tax office)
- b) Financial statements submitted to the banks
- c) End of the period final trial balances
- d) Statutory books
- e) General assembly documents (schedules of attendance, operating reports, auditors’ reports and the like)
- f) Letter containing information about the footnotes on the financial statements
- g) Credit agreements
- h) Copies of Turkish Journal of Trade Registrations containing establishment, amendments and capital expansion
- i) Declarations of incomes and corporate and value added taxes, banking and insurance transactions taxes and stamp taxes and relevant accrual documents for the last year
- j) Auditing and certification reports and annexes thereto for the approval periods, if any
- k) Original of the specimen of signature and operating certificate

2.WORKS TO BE DONE

Information required to be incorporated in the Part on General Information of the report from the documents listed above. It is obligatory that the documents are taken as a basis during these works to the maximum extent possible. For instance, information on the field of operation and names and addresses of partners having significant ownership will be prepared on the basis of the articles of association and general assembly schedules of attendance, respectively.

The form of financial explanatory notes on the documents on status of accounts must be prepared on the basis of documents and written and signed declarations by the entities concerned.

Similarly, footnotes on the financial statements must be prepared on the basis of documents and written and signed declarations by the entities concerned.

Considerations to be incorporated in the Part on Procedural Analysis will be established by analyzing the documents listed above.

During analysis of accounts, it must be checked if the financial statements of the entities concerned match with the records on the ledgers. Although analysis of the financial sheets involves an accounting audit basically, any changes to own funds, structures of revenues and expenses, debts and financial liabilities for the last three years will be examined and assessed in detail. Studies to be carried out will conform to the auditing standards.

3. INFORMATION TO BE INCORPORATED IN THE CONCLUDING SECTION OF THE REPORT

The concluding part of the report will state as per Article 52 of the Law that the balance sheets, profit – loss statements (income statements) and documents on status of accounts prepared by the company and audited by the licensed auditors are in compliance with the principles and rules of accounting or that they are conditionally compliant thereto.

Report Nr. :/...../200..

Annexes to the Report:

**COVER OF THE AUDIT REPORT ON CERTIFICATES OF STATEMENT OF
ACCOUNTS AND BALANCE SHEETS AND PROFIT AND LOSS STATEMENT
ATTACHED THERETO**

Of the Licensed Auditor conducting the audit:

NAME SURNAME :

CHAMBER OF ASSOCIATION :

OFFICE ADDRESS :

TEL. NUMBER :

Of the contract serving as a basis: DATE :

NR :

Of the Credit Customer NAME SURNAME (TITLE) :

ADDRESS :

TAX OFFICE and TAX ACCOUNT NO :

TEL. NUMBER :

ACCOUNTANT IN CHARGE :

PERIOD OF ANALYSIS :

SUBJECT OF ANALYSIS :

CONCLUSION

:

REPORT ORDER

I. GENERAL INFORMATION

This part will incorporate the following information as a minimum.

- Name and surname and title of the credit customer and names and addresses of partners holding qualified shares

- Assessments regarding the credit customer's field of operation and sector or sectors of operation and the company's position in the sector

- Names and surnames of the credit customer's Executive Board president, Executive Board members, general manager and deputy general managers

- Credit customer's commercial registration and registration number

- Names of those responsible for accounting and accounting supervision of the credit customer's accounting department and if such persons have been titled such as certified accountants, certified accountants as financial consultants and sworn financial consultants.

- Credit customer's organizational structure, internal control system and arrangements related to risk management, if any

- Licensed auditor's assessment of the credit customer's accounting system

- Participations of the credit customer, if any, and its shares in them and information on their fields of operation, if so

II. PROCEDURAL ANALYSIS

The following considerations will be addressed by this part as a minimum:

- Information on certification of statutory books

- If records on the books are compliant with the recording rules and accounting principles

- If records are based on corresponding documents

III. ANALYSIS OF ACCOUNTS

This part will incorporate comments if the balance sheets and profit and loss statements have been prepared in accordance with the procedures and principles for preparation of financial statements as well as detailed assessments to be made in connection with the statement of changes in own funds and a detailed analysis of incomes and expenses and credit customer's debts and financial liabilities covering a period of last three years.

IV. FINANCIAL STATEMENTS AUDITED

Documentation of account status and balance sheets and profit and loss statements and financial explanatory notes attached thereto.

V. CONCLUSION

ANNEXES:

1. Balance sheet audited by the licensed auditor
2. Income statements audited by the licensed auditor
3. Documentation of account status audited by the licensed auditor
4. Financial explanatory notes

**MINIMUM ELEMENTS TO BE INCORPORATED INTO “PROFIT – LOSS
PARTNERSHIP INVESTMENT CONTRACT”**

1- Full titles of the participation bank and party using funds and names and signatures of authorized officers executing the agreement

2- Addresses of the parties

3- Sum of funds extended:

TL :

FX :

4- Rates of participation in profit and loss of the participation bank and party using funds:

Rate of participation in profit: %

Rate of participation in loss : %

5- Stipulation that the sum payable by the organization in case of loss will be limited to the funds extended by it

6- Scope and explanation of the operation of the party using funds as a basis for the profit-loss partnership contract

7- Term of the profit – loss partnership