

THE BANKS ASSOCIATION OF TURKEY

Communiqué Issued by the Banks Association of Turkey About Minimum Content and Format Requirements For Agreements Signed Between Banks and Their Individual Customers, and About Principles and Procedures Relating To Banking Transactions To Be Covered By Such Agreements

I. Scope:

The minimum content and the format of agreements to be entered into by our member banks with their individual customers in relation with their fields of operations listed in Article 4 of the Banking Law no. 5411, and the banking transactions to be covered by such agreements cannot be in conflict with the principles and conditions set down in this Communiqué by the Banks Association of Turkey and the Participation Banks Association of Turkey by virtue of and in reliance upon Article 76 of the Banking Law no. 5411.

II. Fields of Operations Related to Individual Customers:

Pursuant to second paragraph of Article 76 of the Banking Law no. 5411, the banking transactions and services that may be offered by banks to their individual customers through their branch offices, internet and telephone banking and other alternative distribution channels with regard to their fields of operations listed in Article 4 of the Law are as follows:

- (a) Collection and acceptance of deposits and participation funds: time and demand saving deposit accounts, special current accounts, participation accounts, notice deposit accounts, joint accounts, overdraft deposit accounts and other accounts in YTL or foreign currency as specified and stipulated by the applicable laws;
- (b) All kinds and types of cash and non-cash credits lending business; overdraft deposit credits, automobile credits, home loans and other personal consumer credits;
- (c) All kinds of payment and collection transactions, including, but not limited to, cash and non-cash payment and fund transfer facilities, correspondent banking services or use of check accounts; and all transactions on the check accounts; check collections, remittances, EFTs, automatic remittances and automatic payments, collection of the bills of exchange;
- (d) Custody services; safe deposit boxes, and safe custody services for gold, precious metals and/or capital market instruments;
- (e) Issuing, and carrying out the activities and operations related to, means of payment such as credit cards, bank cards and traveler's checks, and other transactions with regard to bank and credit cards;
- (f) Foreign exchange transactions including also cash transactions; and trading of money market instruments; trading of precious metals and stones, or safe custody of

them; and gold depot accounts;

- (g) Trading of and mediation in trading of futures and forward contracts and option contracts and other simple or complex financial instruments containing multiple derivatives indexed to economic and financial indicators, capital market instruments, commodities, precious metals and foreign exchange; and mediation in trading of gold;
- (h) Trading of and repurchase or resale commitments for capital market instruments;
- (i) Trading for mediation purposes of capital market instruments already issued;
- (j) Guarantee services such as collaterals, guarantees and similar other obligations assumed in favor of other persons;
- (k) Financial leasing transactions;
- (l) Insurance agency and insurance transactions; and
- (m) Other products, transactions and services that may be offered to individual customers, subject to compliance with the applicable laws.

III. Format of Agreements:

The agreements may not be contrary to the mandatory law provisions. All agreements which are required to be in writing pursuant to the Law and other pertinent regulations will be made in writing and as otherwise specified in the applicable laws, while the consumer credit agreements and credit card agreements are required to be made in writing and drafted in minimum twelve type size and in dark black letters pursuant to Article 6 of the Consumer Protection Law no. 4077. The provisions of Article 24 of the Bank Cards and Credit Cards Law no. 5464 are, however, reserved. A copy of the credit agreements signed with individual customers will be delivered to the customer.

IV. Minimum Contents of Agreements:

Providing that the minimum contents enumerated in this Communiqué are contained in the agreements signed with individual customers, the format and content of agreements may vary and be different depending on the nature of the underlying transaction, product or service and the proviso of the governing laws applicable thereon.

1. Collection and acceptance of deposits and participation funds:

- (a) Minimum elements enumerated in third and fourth paragraphs of Article 4 of the Regulation on Principles and Procedures About Acceptance and Withdrawal of Deposits and Participation Funds, and About Time-barred Deposits, Participation Funds, Custody Accounts and Receivables, published in the Official Gazette edition 26333 on 01.11.2006;

(b) Scope and conditions of collection and acceptance of deposits and participation funds offered by the bank to its customer;

(c) Who will be liable to pay the fees, commissions, charges, costs, taxes, duties, imposts, funds and other monetary debts payable upon and due to collection and acceptance of deposits and participation funds;

(d) Mutual rights and obligations of the parties;

(e) In time deposits, whether the customer has the right to withdraw deposits and participation funds before the end of maturity;

(f) Post-maturity transactions; and

(g) Conditions of expiration and termination of agreement.

2. All kinds of payment and collection transactions, including, but not limited to, cash and non-cash payment facilities and use of check accounts, and fund transfer facilities and correspondent banking services:

(a) Scope and conditions of payment and collection services offered by the bank to its customer;

(b) Who will be liable to pay the fees, commissions, charges, costs, taxes, duties, imposts, funds and other monetary debts payable upon and due to payment and collection services and transactions;

(c) In the case of a collateral or guarantee, the type, definition and nature of collateral, and when will the collateral be realized, and the conditions of release and return of collateral to the customer;

(d) Mutual rights and obligations of the parties; and

(e) Conditions of expiration and termination of agreement.

3. Safe custody services:

(a) Scope and conditions of safe custody services offered by the bank to its customer;

(b) Who will be liable to pay the fees, commissions, charges, costs, taxes, duties, imposts, funds and other monetary debts payable upon and due to these services and transactions;

(c) Mutual rights and obligations of the parties;

(d) In the case of a collateral or guarantee, the type, definition and nature of collateral, and when will the collateral be realized, and the conditions of release and

return of collateral to the customer; and

(e) Conditions of expiration and termination of agreement.

4. The minimum contents required to be inserted in agreements to be entered into by the banks with their individual customers in all crediting and lending transactions are listed below, without prejudice to the provisions of the Consumer Protection Law no. 4077 pertaining to these agreements.

(a) Amount of credit made available by the bank to its customer under the relevant agreement; and in foreign currency credits, the base date of foreign exchange rate and the calculation method thereof;

(b) Principal, interest rate, fees, commissions, charges, costs, taxes, duties, imposts, funds and other monetary debts required to be paid by the customer, and a repayment schedule showing them separately;

(c) Mutual rights and obligations of the parties;

(d) Clauses on the type, definition and nature of collateral, and when will the collateral be realized;

(e) Clauses on repayment of credit before the end of its maturity;

(f) Events of default and legal outcomes of defaults;

(g) Delay/default interest rate; and

(h) Conditions of expiration and termination of agreement.

The minimum content and format requirements for agreements relating to the issuance of and the performance of activities and operations related to bank cards, and the minimum content and format requirements for credit card agreements shall be governed by the principles determined by the Banking Regulation and Supervision Agency.

5. The minimum content and format requirements for transactions of trading of money market instruments; trading of precious metals and stones, or safe custody of them shall be governed by and subject to the provisions of the Regulation on Operating Principles of Precious Metals Exchanges and the Istanbul Gold Exchange Regulation issued and enacted by virtue of Article 40/A of the Capital Markets Law no. 2499, and the provisions of the Governmental Decree Amending and Revising the Governmental Decree no. 32 About Protection of Value of Turkish Currency which is passed by a decree of the Council of Ministers, no. 98/ 12217, dated 11.12.1998.

6. The minimum content and format requirements for transactions and agreements of trading of and mediation in trading of futures and forward contracts and option contracts and other simple or complex financial instruments containing multiple derivatives indexed to economic and financial indicators, capital market instruments,

commodities, precious metals and foreign exchange shall be governed by and subject to the principles envisaged in the Regulation on Establishment and Operating Principles of Futures and Options Exchanges and the Futures and Options Exchange Regulation issued and enacted by the Capital Markets Board by virtue of Article 40 of the Capital Markets Law no. 2499.

7. The minimum content and format requirements for transactions and agreements of trading of and repurchase or resale commitments for capital market instruments, and mediation services for issuance or public offering of capital market instruments shall be governed by and subject to the principles envisaged in the Capital Markets Law and in communiqués issued by the Capital Markets Board by virtue of the named Law.

8. The minimum content and format requirements for the financial leasing agreements to be entered into by the participation and investment banks with their individual customers shall be governed by and subject to the provisions of the Financial Leasing Law no. 3226 and of communiqués issued by virtue of the named Law.

9. The general terms and conditions, tariffs and instructions relating to insurance contracts to be entered into by the banks with their individual customers shall be governed by and subject to the general conditions approved by the Treasury Undersecretariat pursuant to the Insurance Audit Law no. 7397.

10. In the transactions not covered by this Communiqué, member banks and their customers are free to enter into agreements in different formats and with different conditions, subject to compliance with the general law provisions pertaining thereto.

V. Sanctions:

The minimum content and the format of agreements to be entered into by the with their individual customers, and the banking transactions to be covered by such agreements are required to comply with the provisions of this Communiqué. If any bank alleged to violate any provisions of this Communiqué is reported in writing to the association where it is a member, the complaint will be handled, evaluated and responded to by the relevant association's board of directors in accordance with the established procedures.

If the evaluation by the association's board of directors reveals a breach of the provisions of this Communiqué, an administrative fine will be imposed and inflicted pursuant to Article 81 of the Banking Law no. 5411.

VI. Effective Date:

The provisions of this Communiqué will become effective as of 1st of December, 2006.

VII. Enforcement:

The provisions of this Communiqué will be enforced and executed by the Banks Association of Turkey and the Participation Banks Association of Turkey.