

LEASING CONTRACT CUSTOMER INFORMATION FORM

This form has been created to inform customers within the scope of the BRSA Communiqué.¹

1. Type of Contract: Ijarah (Leasing)- Labor Force/Service Leasing

2. Basic Features of the Contract:

Labor/Service Leasing is one of the types of ijarah.

Labor/Service Leasing is the leasing of labor/service provided by the participation bank (lessor/lessor) from the seller to the customer at the request of the customer (lessee).

In the contract of Labor/Service Leasing; the buyer, seller and the nature/cost of the labor/service subject to the contract must be specific and in accordance with the principles of participation banking, and the parties must have a declaration of intention (offer-acceptance).

3. Compliance of the Goods or Service with the Principles and Standards of Interest-Free Banking:

Labor/service leasing is an ijarah (lease) contract and its legitimacy is based on the basic principles of Islamic law. Within this framework, the transactions made by participation banks are in accordance with the principles and standards of interest-free banking.

4. The Position of Customer in the Contractual Framework:

In the contract of Labor/Service Leasing, the customer is the lessee and the participation bank is the lessor.

5. Process and Functioning:

The customer submits the financing request related to the labor force/service to the participation bank. The participation bank allocates a limit to the customer. The customer is appointed attorney for provision of the provision of labor force/service on behalf of the participation bank. The labor force/service provided on behalf of participation bank is leased by the bank to the customer. The participation bank performs the works and transactions necessitated by the provider personally or through its attorney the customer, and pays the financing amount to the provider personally or through its attorney to the client.

6. Rights and Obligations Enforced on the Parties by the Contract:

Customer agrees and declares to fulfill their financing payments within the payment plan framework created for labor force/service leasing.

The participation bank is responsible for the payment of the labor force/service fee to the provider after duly executed transactions (or to the customer, provided that it is ultimately transferred to the provider).

7. Rights and Obligations of the Parties Arising from Attorneyship:

In addition, the participation bank may appoint the customer as attorney for the determination of the provider, the provision, delivery of labor force/service, payment to the provider and other issues.

In transactions based on an attorney, before the participation bank appoints the customer as an attorney, the labor/service must not have been provided to the customer, payment (down payment, check, promissory note, etc.) must not have been made to the provider, and the provider must not have issued the document (invoice, etc.) subject to the purchase and sale in favor of the customer.

Since the customer acts as an attorney to the participation bank, they are responsible for any hidden or obvious defects that may occur regarding the labor force/service.

¹ Communiqué on Procedures and Principles Regarding Informing Customers and the Public Within the Scope of Interest-Free Banking Principles and Standards that was published by the Banking Regulation and Supervision Agency (BRSA) in the Official Gazette dated 30 November 2021 and numbered 31675

The attorney cannot make dispositions on matters such as leasing or replacing the labor/service to a third party before the final lease is concluded.

8. Delivery of the Documents Subject to the Leasing to the Participation Bank:

The customer agrees and undertakes to deliver the documents (invoice, contract, etc.) regarding the labor force/service leasing to the participation bank, if requested by the participation bank.

9. Bank Practice in Case of Delayed Payment:

A clause may be included in the lease contract stating that the participation bank will receive a certain amount as a penalty for delay if the debts are not paid on the specified dates. However, the participation bank cannot benefit from the portion of this amount, that it receives as a delay penalty, above the inflation rate and the compulsory expenses incurred for the collection of its receivables. These amounts collected are classified according to the Uniform Accounting Plan of the participation banks and put into good use in accordance with the principles and standards of interest-free banking.