MUDARABAH (FUND RAISING) CONTRACT CUSTOMER INFORMATION FORM

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

1. Type of Contract: Mudarabah (Labor-Capital Partnership)

2. Basic Features of the Contract and Rights and Obligations Enforced on the Parties:

The participation account can also be opened with different types of contracts, one of which is the mudarabah contract.

Mudarabah is a type of partnership based on the principle of sharing the profit obtained as a result of the operation of one of the party's invested capital with the other party's labor at the rate initially determined. In short, it is a labor-capital partnership.

The parties may terminate the Mudarabah contract unilaterally at any time.

The profit participation rate determined initially in the contract in the participation accounts, legal provisions reserved, cannot be changed until the end of the maturity period.

The mudarabah capital held by the participation bank is in the form of trust, and the customer's participation in the loss as the owner of the capital in the participation accounts is one hundred percent. The participation bank loses its labor in the event of a possible loss.

The profit that the customer will receive from the participation bank on the participation account is calculated according to the current unit account value at the expiration date of the account.

Participation accounts that are not closed at maturity are considered to have been renewed within the framework of the relevant regulations at the profit and loss participation rate effective on the same maturity and renewal date.

In participation accounts, where the participation fund is withdrawn by the customer with the approval of the participation bank before the maturity date and if the maturity group to which the account belongs brings a profit on the date the account is closed, the customer will be paid as much as the amount deposited to the account by the customer until that day, and the unit account value in case of loss.

Participation bank may reserve profit balancing reserves for participation accounts from the profits that it will distribute at the end of the period within the framework of the relevant legal regulations. If the participation bank wishes; it can increase the profit to be distributed in favor of account holders by using the profit balancing reserve and/or, provided that it is not continuous, waiving the accrued profit share in its favor or in periods when loss occurs, it may undertake the losses in favor of the account holders by using the profit balancing reserve and/or, provided that it is not continuous, covering it from its own funds.

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

The participation account is a contract based on the labor capital partnership, 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 established partnership, Participation Bank is the operator, and the customer is the shareholder.

5. Process and Functioning:

A contract shall be established between the customer and the participation bank regarding the participation account upon approval of the contract and documents.

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

The customer deposits funds (money or precious metals) to the participation account.

The participation bank puts the deposited funds in activities into good use in accordance with the principles and standards of interest-free banking, through murabaha, etc.

At the end of the maturity date, the profit from these activities is shared with the customer at the pre-agreed rate. If a loss occurs, the customer incurs this loss as the owner of the capital. The account holder is not paid any predetermined return and the capital is not guaranteed to be reimbursed in the same amount.