

## IJARAH (LEASE) CONTRACT CUSTOMER INFORMATION FORM

This Form has been created for information of customers in line with the BRSA Communiqué<sup>1</sup>.

### **1. Contract Type: Ijarah (Leasing)**

### **2. Key Features of Contract:**

Leasing is one of the ijara types.

Lease contract is a lease which involves a promise for the transfer of the title to the leased asset to the lessee during, or upon the expiry of, the lease term irrespective of the lease contract. Transfer of title to the lessee shall take place in accordance with the interest-free financing principles and standards.

In case of lease contract, the lessee, lessor and the nature/cost of the property under the contract should be clearly specified and be in line with the interest-free banking principles and standards, and the parties' declaration of will should have been obtained (proposal-acceptance).

### **3. Compliance of the Product or Service with the Interest-Free Banking Principles and Standards**

The legitimacy of leasing is based on the key principles of the Islamic law. Transactions performed by participation banks in this connection comply with the interest-free banking principles and standards.

### **4. Position of the Customer under the Contract:**

In case of lease contract, the customer is in the position of lessee, whereas the participation bank is in the position of lessor. Besides, when the sales promise is fulfilled at the end of the lease term, the customer is in the position of buyer and the participation bank is in the position of seller.

### **5. Process and Operation:**

The qualities of the property subject to financing should have been determined by means of documents such as proforma invoice/offer or order form/title deed, etc.

The customer sends its financing request for the property to the participation bank. The participation bank allocates a limit to the customer. The customer chooses the property it needs and signs a lease contract with the participation bank for its procurement. Participation bank buys the property, delivers it to the customer and then pays its cost to the seller. The title to the property from which the customer benefits shall rest with the participation bank for the term of the lease contract. The customer makes the lease payment to the bank according to the payment terms agreed in advance. The property may be transferred to the customer at the agreed price when payments are completed.

The property under the lease contract may also be bought from the lessee in person. This method is called "sale and lease back", and lessor (bank) signs a lease contract with the lessee in case of "sale & lease back" transactions, the lessee transfers the title to the property it owns to the bank, and the bank pays the sales price to the lessee. The lessee makes the lease payment to the bank according to the payment terms agreed in advance. The lessee may take over the title to the property under the lease contract by the end of the contract term at the conditions set forth in the contract.

### **6. Rights and Obligations Imposed by the Contract on the Parties:**

The customer agrees and declares to make the financing payments in line with the payment schedule created specifically for the leasing transaction.

The participation bank shall be responsible for the payment of the price of the property to the seller following the duly performance of transaction.

The lessee shall be entitled to derive all kinds of benefits from the property under the lease contract during the term of the contract in line with the purpose of the contract.

The Bank shall be obliged to transfer the property under the lease contract to the lessee at the mutually-agreed price if it has been agreed in the contract.

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<sup>1</sup>Communiqué on the Principles and Procedures Governing the Information of Customers and the Public in line with the Interest-Free Banking Principles and Standards issued by the Banking Regulation and Supervision Agency (BRSA) and published in the Official Gazette dated 30 November 2021 and numbered 31675

The lessee shall be obliged to use the property under the lease contract with due care according to the terms and conditions of the contract, and be responsible for any maintenance and protection of the property.

**7. Rights and Obligations Imposed by the Agency on the Parties:**

The participation bank may appoint the customer or a third party as its agent to perform the transactions related to the purchasing of the property subject to leasing on behalf of the participation bank.

In addition, the customer may also act as the participation bank's agent in relation to finding the property, or its selection, procurement, loading, transportation, delivery and all other issues related to the property.

In case of transactions based on agency, no contract should have been signed between the first seller and customer for such transaction, the property should not have been provided to the customer or no payment should have been made to the seller (down payment, check, notes payable, etc.) or no document subject to purchase-sales transaction (invoice, delivery note, etc.) should have been issued by the seller to the name of the customer before the participation bank appoints the customer as agent.

**8. Bank Application in case of Late Payment:**

It is in line with the interest-free financing principles to add a provision to the contract stating that a delay penalty shall be collected by the participation bank in the event that the debts are not paid on the dates determined; however, the participation bank and customers may not benefit from these amounts collected as delay penalty. These amounts collected shall be classified according to the Uniform Chart of Accounts, and be used in line with the interest-free banking principles and standards.

**9. Corporate Website Address where the Customer Can Get Further Information on the Products and Services:**

For more information and consent certificates related to our products and services, please visit our Bank's website at [www.turkiyefinans.com.tr](http://www.turkiyefinans.com.tr)

Information Form Delivery Date: ... / ... /.....

**Name and Last Name/Trade Name of the Customer:** .....

**Turkish Identity Number/Tax Identity Number:** .....

(Information may be provided either face to face or via remote communication means/in the electronic environment/by remote communication, and in case of face-to-face information, you will need to write the following on the form in your handwriting: "**Verbal and written information has been provided to me, and my declaration of will has been obtained**".)

**Stamp/Signature:**