

Circular

Istanbul, 19 February 2018

Circular No: 25

Subject: Notification and independent auditing made mandatory for companies with loans in foreign currencies of USD 15 million and over.

To remember in brief, the Decision no.32 regarding the protection of Turkish currency's value has been amended through the Council of Ministers Decision no. 2018/11185, published in the Official Gazette dated 25 January 2018, introducing new arrangements on "Loans procured abroad" and "Loans procured from domestic suppliers" and imposing some restrictions on taxpayers with loans in foreign currencies under USD 15 million.

Through the "Regulation for Procedure and Principles Regarding the Monitoring of Transactions with Impacts on Foreign Currency Position by the Central Bank of Turkish Republic (CBTR)" published in the Official Gazette dated 17 February 2018, notification and independent auditing has been made mandatory for companies with foreign-currency indexed loans and loans in foreign currencies of USD 15 million and over.

Pertaining to that, companies with foreign-currency indexed loans and loans in foreign currencies of USD 15 million and over procured abroad or from domestic suppliers as of the concerning accounting period's last workday are liable to notify the CBTR of information demanded through the data form in line with the explanations by the following accounting period.

Loan amounts' equivalents in US dollars will be set by the exchange buying rate published in the Official Gazette dated as the last workday of the concerning period.

The companies under the liability of notification within that context should sign an auditing contract with an auditor within 60 days as of the obligation starts.

Our explanations provided above include general information on the issue. No responsibility can be claimed against EY and Kuzey YMM ve Bağımsız Denetim A.Ş. due to the implications arising from the context of this document or emerging with respect to its context.

Best Regards,

KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.