

**COMMUNIQUÉ ON DIVIDENDS**  
**(II-19.1)**

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**FIRST PART**  
**Purpose, Scope, Grounds and Definitions**

**Purpose and Scope:**

**ARTICLE 1 – (1)** The purpose of this Communiqué is to set down the procedures and principles to be followed by corporations in distribution of dividends and dividend advances, and in protection of dividends, and in determination of dividend distribution policy.

**Grounds:**

**ARTICLE 2 – (1)** This Communiqué has been prepared and issued in reliance upon Articles 19 and 20 of the Capital Markets Law no. 6362 dated 6/12/2012.

**Definitions:**

**ARTICLE 3 – (1)** For the purposes and in the context of this Communiqué:

- (a) “**Interim period financial statements**” refers to financial statements prepared and issued as of the end of 3, 6 or 9 months; and
- (b) “**Stock exchange**” refers to the stock exchange defined in subparagraph (ç) of first paragraph of Article 3 of the Law; and
- (c) “**Accounting period**” refers to a period of twelve months determined and classified as normal or special accounting period; and
- (ç) “**Privileged share**” refers to shares with dividend privileges; and
- (d) “**Law**” refers to the Capital Markets Law no. 6362; and
- (e) “**Dividend**” refers to an amount decided by the general assembly of shareholders to be distributed to shareholders and other persons sharing the profit over the net profit of period or over other sources of dividend distribution as of the end of accounting periods within the frame of the policy determined by the general assembly of shareholders; and

- (f) **“Dividend advance”** refers to an amount calculated in accordance with provisions of this communiqué over the dividend shown in the interim period financial statements for deduction from the dividend to be distributed over yearly financial statements; and
- (g) **“Board”** refers to the Capital Markets Board; and
- (ğ) **“Corporation”** refers to joint-stock companies the shares of which are offered to public or are deemed to have been offered to public; and
- (h) **“TCC”** refers to and stands for the Turkish Commercial Code no. 6102 dated 13/1/2011.

## **SECOND PART**

### **Principles on Dividend Distribution Policy and Dividends**

#### **Dividend Distribution Policy:**

**ARTICLE 4 – (1)** Corporations distribute their profits by decisions of the general assembly of shareholders within the frame of their dividend distribution policies to be determined by the general assembly of shareholders and in accordance with provisions of the applicable laws and regulations. The Board may identify different principles by corporations of similar characteristics with regard to dividend distribution policies of corporations.

**(2) Dividend** distribution policies of corporations should at least contain the following information:

- a) Whether dividend will be distributed or not, and if so, rates of distribution of dividend determined for shareholders and other persons sharing the dividend; and
- b) Terms of payment of dividend; and
- c) Time of payment of dividend, providing that the dividend distribution process is initiated as of no later than the end of accounting period for which the general assembly meeting where dividend distribution is decided is held; and
- ç) Whether dividend advances will be distributed or not, and if so, principles pertaining thereto.

**(3)** If and when it is intended to amend the dividend distribution policy, both the decision of the board of directors regarding such revision, and the reasons of revision, are disclosed to public in accordance with the regulations of the Board pertaining to public disclosure of material events.

### **Dividend Distribution Principles:**

**ARTICLE 5 – (1)** In corporations, dividends shall be distributed equally to all of the shares existing as of the date of distribution pro rata their shares in capital, regardless of their dates of issuance and acquisition. Rights relating to dividend privileges are, however, reserved.

**(2) Dividend** may be paid in installments of equal or different amounts, providing that it is decided so in the general assembly meeting where dividend distribution is decided. The following principles are applied in payment of dividend in installments:

**a)** Number of installments is determined by the general assembly of shareholders or by the board of directors, providing that it is explicitly authorized by the general assembly of shareholders.

**b)** Where the installment payment times are not determined by a decision of the general assembly of shareholders, the payment times to be determined by a decision of the board of directors are disclosed by the corporation to public within fifteen days following the date of the general assembly meeting within the frame of regulations of the Board pertaining to public disclosure of material events.

**c)** Installment payments are distributed equally to all of the shares existing as of the date of payment pro rata their shares in capital, regardless of their dates of issuance and acquisition.

**ç)** Amount of dividend decided by the general assembly of shareholders to be distributed to non-shareholders will be paid within the frame of the same principles and procedures in proportion to the installment payments to be made to shareholders.

**(3)** Unless and until both the reserve required to be set aside as per TCC, and the dividend determined for payment to shareholders in the articles of association or in the dividend distribution policy are reserved, it cannot be decided to set aside other reserve , or to carry dividend forward to next year, or to distribute dividend to beneficial interest certificate, directors, employees and other non-shareholders, nor can profit shares be distributed to the said persons unless and until the dividend determined for shareholders are fully paid in cash. The provisions of second paragraph of this Article and of first and third paragraphs of Article 348 of TCC are, however, reserved.

**(4)** For payment of dividend to privileged shareholders, beneficial interest certificate, members of board of directors, employees and other non-shareholders, it should have been allowed by the terms of the articles of association of the corporation. If the articles of association contains a clause permitting distribution of profit shares to these persons, but nevertheless does not refer to any specific rate of profit shares, the amount of dividend to be distributed to these persons can in no case exceed one-fourth of the amount of dividend distributed to shareholders, except for payments arising out of privileges.

**(5)** Regulations of the Board pertaining to dividend rights of beneficial interest certificate holders, and payment of profit to bond holders are, however, reserved.

## **Donations**

**ARTICLE 6 – (1)** Corporations can make donations only if it is permitted in their articles of association. Limit of donations will, unless specified in the articles of association, be determined by the general assembly of shareholders. The Board is authorized to impose an upper limit on the amount of donation. Donations made by corporations during the relevant accounting period are added to the distributable profit base.

(2) Donations and payments to be made within the frame of provisions of this Article are required to be disclosed to public, within the frame of the regulations of the Board pertaining to public disclosure of material events and presented to the information of shareholders in the annual ordinary meeting of the general assembly of shareholders,.

(3) Regulations of the Board pertaining to ban on illegal transfer pricing and mandatory corporate governance principles are, however, reserved.

## **Special Provisions Regarding Non-Listed Publicly Held Companies:**

**ARTICLE 7 – (1)** Rate of distribution of dividends for non-publicly traded corporations cannot be less than twenty percent of the net distributable profit of period plus donations as determined pursuant to provisions of this Communiqué.

(2) Non-publicly traded corporations are required to distribute their profit shares fully and in cash. Profit share payments are made against submission of profit share coupons to the corporation. These corporations are not eligible for the distribution of profit in installments as regulated by second paragraph of Article 5 of this Communiqué.

(3) In the event that the amount of dividends calculated pursuant to first paragraph of this Article is lower than five percent of share capital shown in

the last yearly financial statements to be presented to the general assembly of shareholders, or the amount of net distributable profit of the period shown in the said financial statements is below TL 100,000, the non-publicly traded corporations may not distribute dividends for the relevant accounting period. This is required to be disclosed to public, together with the reasons of non-distribution, within the frame of regulations of the Board pertaining to public disclosure of material events.

(4) **Dividends** not distributed pursuant to third paragraph of this Article are taken into account as a dividend item in the calculations of the subsequent periods.

## **Public Disclosures:**

**ARTICLE 8 – (1)** Profit distribution proposal of the board of directors or decision of the board of directors regarding distribution of dividend advances of the publicly traded companies are disclosed to public, together with a profit distribution statement or a dividend advance distribution statement the format and contents of which are determined by the Board, within the frame of regulations of the Board pertaining to public disclosure of material events. Profit

distribution statement is required to be disclosed to public at the latest on the date of announcement of agenda of the general assembly of shareholders.

(2) Profit distribution proposal of the board of directors of the non-publicly traded companies is disclosed to public, together with a profit distribution statement the format and contents of which are determined by the Board, at the latest on the date of announcement of agenda of the general assembly of shareholders, within the frame of regulations of the Board pertaining to public disclosure of material events, and is further published in at least one local or nationwide newspaper in the city of headquarters of the corporation and in the corporation's internet website, if any. Furthermore, profit distribution statement shall be made available for inspection by shareholders at the headquarters of the company.

### **THIRD PART**

#### **General Principles as to Dividend Advances**

##### **Dividend Advance Distribution Principles and Liabilities:**

**ARTICLE 9 – (1)** Publicly traded companies may distribute dividend advances in cash over their profits shown in their interim period financial statements. However, dividend advances of a particular interim period cannot be distributed in installments.

(2) Articles of association of companies intending to distribute dividend advances should contain a clause permitting such distribution, and the corporation should, by a decision of its general assembly of shareholders, have authorized its board of directors to decide on distribution of dividend advances solely with respect to the relevant accounting period. In the said meeting of the general assembly of shareholders, it should also have been decided that if the company does not make an adequate profit or incurs loss as of the end of the relevant accounting period, the dividend advances to be distributed will be deducted and set off from the sources that may be covered by profit distribution shown in the yearly statement of financial position regarding the subject accounting period.

(3) If and when the general assembly of shareholders authorizes the board of directors on dividend advance distribution, the board of directors should decide to or not to distribute dividend advances, and such decision should be disclosed by the company to public as of no later than the date of public disclosure of interim period financial statements, within the frame of regulations of the Board pertaining to public disclosure of material events.

(4) In companies, dividend advances shall be distributed equally to all of the shares existing as of the date of distribution pro rata their shares in capital, regardless of their dates of issuance and acquisition. Dividend advances cannot be distributed to non-shareholders. Dividend advances are paid to privileged shares, irrespective of their privileges.

(5) Liabilities of members of board of directors and if any, independent auditors of the company with regard to calculation and distribution of dividend advances are governed by and subject to the provisions of Article 20 of the Law.

**Calculation of Amount of Dividend Advances To Be Distributed:**

**ARTICLE 10 – (1)** The amount of dividend advances to be distributed cannot exceed half of the portion of the net profit of period as shown in the interim period financial statements remaining after deduction of losses of past years and of legal reserves required to be set aside pursuant to TCC and the articles of association.

(2) Total amount of dividend advances to be distributed in an accounting period cannot exceed the lower of:

- a) half of the net profit for the period of the previous year; or
- b) other sources usable for profit distribution, other than net profit for the period, stated in the relevant interim period financial statements.

(3) If more than one dividend advance payments are made during the same accounting period, in calculation of dividend advances to be paid in the subsequent interim periods, the dividend advances paid in the previous interim periods is deducted and set off from the amount calculated according to second paragraph of this Article.

(4) Unless and until the dividend advances paid in the previous accounting periods are deducted and set off, additional dividend advances cannot be paid and dividend cannot be distributed in the subsequent accounting periods.

**FOURTH PART**  
**Miscellaneous and Final Provisions**

**Losses of Past Years:**

**ARTICLE 11 – (1)** Portion of losses of past years of the company exceeding total sum of amounts arising out of correction and adjustment according to inflation accounting of the items of profits of past years, and general legal reserve funds including share premiums, and shareholders' equity excluding share capital is taken into account as an item of deduction in calculation of the net distributable profit of period.

**Statute of Limitation for Uncollected Dividends:**

**ARTICLE 12 – (1)** Dividends uncollected by shareholders and other persons sharing the profit are barred by statute of limitation within five years following the date of distribution pursuant

to the Law on Appropriation to National Treasury of Time-Barred Coupon, Bond and Share Certificate Payments of Companies no. 2308 dated 12/6/1933.

**Dividend Guide:**

**ARTICLE 13 – (1)** The Board prepares a guide regarding sources usable for distribution of dividend and distribution of dividend and dividend advances by companies and discloses the guide to public and if necessary updates it.

**Coefficient:**

**ARTICLE 14 – (1)** Amounts specified in this Communiqué may be revised by the Board by considering the revaluation coefficient announced by the Ministry of Finance every year.

**Board Fee Exception:**

**ARTICLE 15 – (1)** If and when the company decides to distribute dividend in cash at a rate equal to at least twenty-five percent of the net distributable profit of the period, then and in this case, the Board fees to be charged on share issues to be realized within one year following the date of decision of general assembly of shareholders pertaining to distribution will be calculated over seventy-five percent of the rates specified in Article 26 of the Communiqué on Shares no. VII-128.1 published in the Official Gazette edition 28685 on 22/6/2013.

**Reserved Provisions:**

**ARTICLE 16 – (1)** For enforcement of the provisions of this Communiqué on investment companies, the relevant regulations of the Board are hereby reserved.

**Repealed Communiqué:**

**ARTICLE 17 – (1)** The Communiqué on Principles To Be Followed in Distribution of Dividends and Dividend Advances by Publicly Held Joint-Stock Companies Governed by the Capital Markets Law published in the Official Gazette edition 24582 on 13/11/2001 (Serial IV, No. 27) is hereby repealed.

**(2)** References made by other regulations of the Board to the Communiqué on Principles To Be Followed in Distribution of Dividends and Dividend Advances by Publicly Held Joint-Stock Companies Governed by the Capital Markets Law (Serial IV, No. 27) will hereafter be deemed to have been made to this Communiqué.

**Effective Date:**

**ARTICLE 18 – (1)** This Communiqué shall be effective as of 1/2/2014.

**Execution:**

**ARTICLE 12 – (1)** The provisions of this Communiqué will be enforced and executed by the Board.