TÜRK EKONOMİ BANKASI A.Ş.

Issue of US$400,000,000 Fixed Rate Resettable Tier 2 Notes due 2034

Issue price: 100.00%

The US$400,000,000 Fixed Rate Resettable Tier 2 Notes due 2034 (the "*Notes*") are being issued by Türk Ekonomi Bankası A.Ş., a banking institution organised as a joint stock company under the laws of the Republic of Türkiye ("*Türkiye*") and registered with the İstanbul Trade Registry under number 189356/136872 (the "*Bank*" or the "*Issuer*").

INVESTING IN THE NOTES INVOLVES RISKS. PROSPECTIVE INVESTORS SHOULD CONSIDER THE FACTORS SET FORTH UNDER "RISK FACTORS" FOR A DISCUSSION OF CERTAIN OF THESE RISKS.

The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the "*Securities Act*"), of the United States of America (the "*United States*" or "*U.S.*") or any other U.S. federal or state securities laws and are being offered for sale only in offshore transactions to persons who are not "U.S. persons" ("*U.S. persons*") as defined in, and in reliance upon, Regulation S under the Securities Act ("*Regulation S*"). For a description of certain restrictions on the sale and transfer of investments in the Notes, see "Subscription and Sale." Where the "United States" is referenced herein with respect to Regulation S, such shall have the meaning provided thereto in Rule 902 of Regulation S.

The Notes will bear interest from (and including) 17 January 2024 (the "*Issue Date*") to (but excluding) 17 January 2029 (the "*Issuer Call Date*") at a fixed rate of 9.375% *per annum* (the "*Initial Interest Rate*"). From (and including) the Issuer Call Date to (but excluding) 17 January 2034 (the "*Maturity Date*"), the Notes will bear interest at a fixed rate *per annum* equal to the Reset Interest Rate (as defined herein) (the Reset Interest Rate with the Initial Interest Rate, each an "*Interest Rate*"). Interest will be payable semi-annually in arrear on the 17th day of each January and July (each an "*Interest Payment Date*") up to (and including) the Maturity Date; *provided* that if any such date is not a Payment Business Day (as defined in Condition 7.4), then the Noteholders will not be entitled to payment until the next Payment Business Day and, in any such case, will not be entitled to further interest or other payment in respect of such delay. As provided in Condition 8, the Issuer may redeem all, but not some only, of the Notes: (a) subject (if required by applicable law) to having obtained the prior approval of the Banking Regulation and Supervision Agency (in Turkish: *Bankacılık Düzenleme ve Denetleme Kurumu*) (the "*BRSA*") of Türkiye: (i) on the Issuer Call Date or (ii) at any time upon the occurrence of a Tax Event (as defined in Condition 8.2) or (b) upon the occurrence of a Capital Disqualification Event (as defined in Condition 8.4), in each case at their respective then Prevailing Principal Amount (as defined in Condition 5.6) together with all interest accrued and unpaid to (but excluding) the date of redemption. The Notes are otherwise scheduled to be redeemed by the Issuer at their respective then Prevailing Principal Amount on the Maturity Date. For a more detailed description of the Notes, see "Terms and Conditions of the Notes" (the "*Conditions*") herein. Reference herein to a "Condition" is to the corresponding clause of the Conditions.

The Notes are subject to loss absorption upon the occurrence of a Non-Viability Event (as defined in Condition 6.4), in which case an investor in the Notes might lose some or all of its investment in the Notes. See Condition 6.1 and "Risk Factors - Risks Relating to the Structure of the Notes - Potential Permanent Write-Down."

If at any time a Tax Event or a Capital Disqualification Event occurs, then the Issuer may, instead of giving notice to redeem the Notes pursuant to Condition 8.2 or 8.4, as the case may be, but subject to compliance with Applicable Banking Regulations (as defined in Condition 3.4) (including, if applicable, the prior approval of the BRSA), at any time (without any requirement for the consent or approval of the Noteholders) either substitute all (but not some only) of the Notes for Qualifying Tier 2 Securities (as defined in Condition 8.5) or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Tier 2 Securities. See Condition 8.5.

There is currently no public market for the Notes. This prospectus (this "*Prospectus*") has been approved by the Central Bank of Ireland as competent authority under Regulation (EU) No. 2017/1129 (as amended, the "*Prospectus Regulation*"). The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer or the quality of the Notes and investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("*Euronext Dublin*") for the Notes to be admitted to its official list (the "*Official List*") and to trading on its regulated market (the "*Regulated Market*"). The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "*MiFID II*"). References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and to trading on the Regulated Market.

Application has been made to the Capital Markets Board (the "*CMB*") of Türkiye, in its capacity as competent authority under Law No. 6362 (the "*Capital Markets Law*") of Türkiye relating to capital markets, for its approval of the issuance and sale of the Notes by the Bank outside of Türkiye. No Notes may be sold before the necessary approvals are obtained from the CMB. The CMB approval letter based upon which the offering of the Notes is conducted was issued on 22 December 2023 and, to the extent (and in the form) required by applicable law, a written approval of the CMB in relation to the Notes (which may be in the form of a tranche issuance certificate (*tertip ihraç belgesi*) or in any other form required under applicable law) will be obtained on or before the Issue Date. The BRSA has also approved the issuance of the Notes.

The Notes are expected to be rated at issuance "CCC+" by Fitch Ratings Limited ("*Fitch*"). The Bank has also been rated by Fitch and Moody's Investors Service Limited ("*Moody's*" and, with Fitch, the "*Rating Agencies*") as set out on pages 69 and 70 of this Prospectus. Please see such page with respect to the Rating Agencies' registration in the United Kingdom (the "*UK*") and endorsement in the European Union (the "*EU*"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The Notes are being offered in reliance upon Regulation S by each of Abu Dhabi Commercial Bank P.J.S.C., BNP Paribas, Citigroup Global Markets Limited, Emirates NDB Bank PJSC, HSBC Bank plc and Standard Chartered Bank (each a "*Joint Bookrunner*"), subject to their acceptance and right to reject orders in whole or in part. It is expected that delivery of the Notes will be made against payment therefor in immediately available funds on the Issue Date in book-entry form only through the facilities of Euroclear Bank SA/NV ("*Euroclear*") and/or Clearstream Banking S.A. ("*Clearstream, Luxembourg*").

Joint Bookrunners

Abu Dhabi Commercial Bank	**BNP PARIBAS**	**Citigroup**
Emirates NBD Capital	**HSBC**	**Standard Chartered Bank**

The date of this Prospectus is 15 January 2024.

This document constitutes a prospectus for the purposes of Article 8 of the Prospectus Regulation. This document does not constitute a prospectus for the purposes of the Prospectus Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "*EUWA*") and/or Section 12(a)(2) of, or any other provision of or rule under, the Securities Act.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in (including incorporated by reference into) this Prospectus. To the best of the knowledge of the Issuer, such information is in accordance with the facts and this Prospectus makes no omission likely to affect the import of such information.

The Issuer confirms that: (a) this Prospectus (including the information incorporated by reference herein) contains all information that in its view is material in the context of the issuance and offering of the Notes (or beneficial interests therein), (b) the information contained in (including incorporated by reference into) this Prospectus is true and accurate in all material respects and is not misleading, (c) any opinions, predictions or intentions expressed in this Prospectus (including in any of the documents (or applicable portions thereof) incorporated by reference herein) on the part of the Issuer are honestly held or made by the Issuer and are not misleading in any material respect, and there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions, predictions or intentions misleading in any material respect, and (d) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

This Prospectus is to be read in conjunction with all documents that are (or portions of which are) incorporated by reference herein (see "Documents Incorporated by Reference"). This Prospectus shall be read and construed on the basis that such documents (or the applicable portions thereof) are incorporated into, and form part of, this Prospectus.

None of the Agents (as defined in the Conditions) or the Joint Bookrunners have independently verified the information contained in (including incorporated by reference into) this Prospectus. To the full extent permitted by law, none of the Agents, the Joint Bookrunners or any of their respective affiliates accept any responsibility for: (a) the information contained in (including incorporated by reference into) this Prospectus or any other information provided by (or on behalf of) the Issuer in connection with the issue and offering of the Notes (or beneficial interests therein), (b) any statement consistent with this Prospectus made, or purported to be made, by a Joint Bookrunner or on its behalf in connection with the issue and offering of the Notes (or beneficial interests therein) or (c) any acts or omissions of the Issuer or any other Person (as defined in Condition 3.4) in connection with the issue and offering of the Notes (or beneficial interests therein). Each Joint Bookrunner accordingly disclaims (including on behalf of their respective affiliates) all and any liability that it might otherwise have (whether in tort, contract or otherwise) in respect of the accuracy or completeness of any such information or statements. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor or potential investor in the Notes of any information coming to their attention.

In connection with the issue and offering of the Notes (or beneficial interests therein), no Person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied by (or with the consent of) the Issuer and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Bookrunners.

Neither this Prospectus nor any other information supplied by (or on behalf of) the Issuer, any of the Joint Bookrunners or any of their respective affiliates in connection with the Notes: (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Joint Bookrunners or any of their respective affiliates that any recipient of this Prospectus or any such other information should invest in the Notes. Each investor contemplating investing in the Notes should: (i) determine for itself the relevance of the information contained in (including incorporated by reference into) this Prospectus, (ii) make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and (iii) make its own determination of the suitability of any such investment in light of its own circumstances, with particular reference to its own investment objectives and experience, and any other factors that are relevant to it in connection with such investment, in each case, based upon such investigation as it deems necessary.

Neither this Prospectus nor, except to the extent explicitly stated therein, any other information supplied by (or on behalf of) the Issuer or any of the Joint Bookrunners in connection with the issue of the Notes constitutes an offer or invitation by (or on behalf of) the Issuer, any of the Joint Bookrunners or any of their respective affiliates to any Person to subscribe for or purchase any Notes (or beneficial interests therein). This Prospectus is intended only to provide information to assist potential investors in deciding whether or not to subscribe for, or invest in, the Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes (or beneficial interests therein) shall in any circumstances imply that the information contained in (including incorporated by reference into) this Prospectus is correct at any time subsequent to the date hereof (or, if such information is stated to be as of an earlier date, subsequent to such earlier date) or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

GENERAL INFORMATION

The distribution of this Prospectus and/or the offer or sale of Notes (or beneficial interests therein) might be restricted by law in certain jurisdictions. None of the Issuer or the Joint Bookrunners represent that this Prospectus may be lawfully distributed, or that the Notes (or beneficial interests therein) may be lawfully offered, in any such jurisdiction or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer that is intended to permit a public offering of the Notes (or beneficial interests therein) or distribution of this Prospectus, any advertisement or any other material relating to the Notes in any jurisdiction in which action for that purpose is required. Accordingly: (a) no Notes (or beneficial interests therein) may be offered or sold, directly or indirectly, and (b) neither this Prospectus nor any advertisement or other material relating to the Notes may be distributed or published in any jurisdiction except, in each case, under circumstances that will result in compliance with all applicable laws. Persons into whose possession this Prospectus or any Notes (or beneficial interests therein) come(s) must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus, any advertisement or other material relating to the Notes and the offering and/or sale of the Notes (or beneficial interests therein). In particular, there are restrictions on the distribution of this Prospectus and the offer and/or sale of the Notes (or beneficial interests therein) in (*inter alia*) Türkiye, the United States, the EEA (including Belgium), the UK, the Hong Kong Special Administrative Region of the People's Republic of China ("*Hong Kong*"), Singapore and Switzerland. See "Subscription and Sale - Selling Restrictions."

In making an investment decision with respect to the Notes, investors must rely upon their own examination of the Issuer and the terms of the Notes (or beneficial interests therein), including the merits and risks involved. The Notes have not been approved or disapproved by the Securities and Exchange Commission (the "*SEC*") of the United States or any other securities commission or other regulatory authority in the United States and, other than the approvals of the BRSA and the CMB (*i.e.*, the Issuance Approvals described below and the BRSA Tier 2 Approval described below) and the approval of the Central Bank of Ireland described herein, have not been approved or disapproved by any securities commission or other regulatory authority in Türkiye or any other jurisdiction, nor has any such authority (other than the Central Bank of Ireland to the extent described herein) approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary might be unlawful.

None of the Joint Bookrunners, the Issuer or any of their respective affiliates, counsel or other representatives makes any representation to any actual or potential investor in the Notes regarding the legality under any law of its investment in the Notes. Any investor in the Notes should ensure that it is able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Notes might not be a suitable investment for all investors. As noted above, each potential investor contemplating making an investment in the Notes must make its own assessment as to the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its own determination of the suitability of investing in the Notes in light of its own circumstances, with particular reference to its own investment objectives and experience, and any other factors that are relevant to it in connection with such investment, in each case, based upon such investigation as it deems necessary. In particular, each potential investor in the Notes should consider, either on its own or with the help of its financial and other professional advisors, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in (including incorporated by reference into) this Prospectus,

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular circumstances, an investment in the Notes and the impact such investment will have on its overall investment portfolio,

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from such potential investor's currency and the possibility that the entire principal amount of the Notes could be lost, including following the exercise of any Write-Down of the Notes if the Issuer should become Non-Viable,

(d) understands thoroughly the terms of the Notes, such as the provisions governing Write-Down (including under what circumstances a Non-Viability Event will occur), and is familiar with the behaviour of financial markets, and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that might affect its investment in the Notes and its ability to bear the applicable risks.

Legal investment considerations might restrict certain investments. The investment activities of certain investors are subject to laws and/or to review or regulation by certain authorities. Each potential investor in the Notes should consult its legal advisors to determine whether and to what extent: (a) the Notes (or beneficial interests therein) are legal investments for it, (b) its investment in the Notes can be used by it as collateral for various types of borrowing and (c) other restrictions apply to its purchase, holding or pledge of any Notes (or beneficial interests therein). Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of their investments in the Notes under any applicable risk-based capital or other rules. Each potential investor in the Notes should consult its own advisors as to the legal, tax, business, financial and related aspects of an investment in the Notes.

The Issuer has obtained the CMB approval letter (dated 22 December 2023 and numbered E-29833736-105.02.02-47169) and the final CMB approved issuance certificates (in Turkish: *onaylanmış ihraç belgeleri*) (dated 21 December 2023 and numbered 80/1732) (together, the "*CMB Approval*") based upon which the offering of the Notes may be conducted. The Issuer has also obtained the BRSA approval letter (numbered E-32521522-101.02.01-103271) (the "*BRSA Approval*" and, with the CMB Approval, the "*Issuance Approvals*") required for the issuance of the Notes. In addition to the Issuance Approvals, an approval of the CMB in respect of the Notes is required to be obtained by the Issuer on or before the Issue Date.

The Issuer also has obtained a letter numbered E-32521522-101.02.02-104954 from the BRSA (the "*BRSA Tier 2 Approval*") approving the treatment of the Notes as Tier 2 Capital of the Issuer for so long as the Notes comply with the requirements of the Regulation on the Equity of Banks published in the Official Gazette No. 28756 dated 5 September 2013 (the "*Equity Regulation*"). The BRSA Tier 2 Approval is conditional upon the compliance of the Notes with the requirements of the Equity Regulation. Accordingly, among other requirements, if the Issuer invests in securities that qualify as Tier 2 Capital under the Equity Regulation issued by another bank or other financial institution holding an investment in the Notes, then (when including the Notes in the calculation of its capital) the Issuer will be required to deduct (but not to below zero) the amount of its investment in such securities from the amount of such bank or other financial institution's investment in the Notes. For a description of the regulatory requirements in relation to Tier 2 capital requirements, see "Turkish Regulatory Environment – Capital Adequacy."

Pursuant to the Issuance Approvals, the offer, sale and issue of the Notes have been authorised and approved in accordance with Decree No. 32 on the Protection of the Value of the Turkish Currency (as amended, "*Decree 32*"), the Banking Law No. 5411 of 2005 (as amended, the "*Banking Law*"), and its related law, the Capital Markets Law and the Communiqué on Debt Instruments No. VII-128.8 of the CMB (as amended, the "*Debt Instruments Communiqué*") and its related law.

In addition, in accordance with the Issuance Approvals, the Notes (or beneficial interests therein) may only be offered or sold outside of Türkiye. Under the Issuance Approvals, the BRSA and the CMB have authorised the offering, sale and issue of the Notes on the condition that no transaction that qualifies as a sale or offering of Notes (or beneficial interests therein) in Türkiye may be engaged in. Notwithstanding the foregoing, pursuant to the BRSA decision dated 6 May 2010 (No. 3665) and in accordance with Decree 32, residents of Türkiye may, in the secondary markets only, purchase or sell Notes (or beneficial interests therein) (as they are denominated in a currency other than Turkish Lira) in offshore transactions on an unsolicited (reverse inquiry) basis; *provided* that such purchase or sale is made through licensed banks authorised by the BRSA or licensed brokerage institutions authorised pursuant to CMB regulations and the purchase price is transferred through such licensed

banks. As such, Turkish residents should use such licensed banks or such licensed brokerage institutions when purchasing Notes (or beneficial interests therein) and should transfer the purchase price through such licensed banks. The requirements in this paragraph are herein referred to as the "*Turkish Purchase Requirements*."

Potential investors should note that, under the Central Securities Depositaries Regulation of the EU, a trade in the secondary markets within the EU might be required to settle in two applicable business days unless the parties to such trade expressly agree otherwise. Accordingly, investors who wish to trade interests in Notes in the EU on the trade date relating to such Notes or the next business day will likely be required, by virtue of the fact that the Notes initially will likely settle on a settlement cycle longer than such number of days, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement.

Monies paid for the purchase of Notes (or beneficial interests therein) are not protected by the insurance coverage provided by the Savings Deposit Insurance Fund (in Turkish: *Tasarruf Mevduatı Sigorta Fonu*) (the "*SDIF*") of Türkiye.

Pursuant to the Debt Instruments Communiqué, the Issuer is required to notify the Central Securities Depository of Türkiye (in Turkish: *Merkezi Kayıt Kuruluşu A.Ş.*) (trade name: Central Registry İstanbul (in Turkish: *Merkezi Kayıt İstanbul*)) ("*Central Registry İstanbul*") within three İstanbul business days from the Issue Date of the amount, Issue Date, ISIN, interest commencement date, maturity date, interest rate, name of the custodian and currency of the Notes and the country of issuance.

The Notes initially will be represented by beneficial interests in a global certificate in registered form (the "*Global Certificate*").

The initial Global Certificate will be deposited on or about the Issue Date with a common depositary (the "*Common Depositary*") for Euroclear and Clearstream, Luxembourg and will be registered in the name of the Common Depositary. Except as described in this Prospectus, beneficial interests in the Global Certificates will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

UK MIFIR PRODUCT GOVERNANCE / ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (a) the target market for the Notes (and beneficial interests therein) is eligible counterparties (as defined in the FCA Handbook Conduct of Business Sourcebook) and professional clients (as defined in Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA (as amended, "*UK MiFIR*")), only, and (b) all channels for distribution of the Notes (and beneficial interests therein) to such eligible counterparties and professional clients are appropriate. Any Person subsequently offering, selling or recommending the Notes (or beneficial interests therein) (for purposes of this paragraph, a "*distributor*") should take into consideration the target market assessment of such manufacturers; *however*, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "*UK MiFIR Product Governance Rules*") is responsible for undertaking its own target market assessment in respect of the Notes (or beneficial interests therein) (by either adopting or refining the target market assessment of such manufacturers) and determining appropriate distribution channels.

U.S. INFORMATION

The Notes have not been and will not be registered under the Securities Act or any other U.S. federal or state securities laws and the Notes (or beneficial interests therein) may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person except pursuant to an exemption from the registration requirements of the Securities Act and in accordance with all applicable securities laws of the United States and each applicable state or other jurisdiction of the United States. In the United States, this Prospectus is only being submitted on a confidential basis to investors with whom "offshore transactions" under Regulation S can be entered into for informational use solely in connection with the consideration of an investment in the Notes. Its use for any other purpose in the United States or by any U.S. person is not authorised.

PROHIBITIONS ON MARKETING AND SALES TO RETAIL INVESTORS

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes (and beneficial interests therein). Potential investors in the Notes should inform themselves of, and comply with, any applicable laws or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein).

Prohibition of Sales to EEA Retail Investors. The Notes (and beneficial interests therein) are not intended to be offered, sold or otherwise made available to (and should not be offered, sold or otherwise made available to) any EEA Retail Investor in the EEA. For these purposes, "*EEA Retail Investor*" means a person who is one (or both) of the following: (a) a retail client as defined in point (11) of Article 4(1) of MiFID II or (b) a customer within the meaning of Directive (EU) No. 2016/97 (as amended, the "*Insurance Distribution Directive*") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "*PRIIPs Regulation*") for offering or selling the Notes (or beneficial interests therein) or otherwise making them available to EEA Retail Investors in the EEA has been prepared and, therefore, offering or selling the Notes (or beneficial interests therein) or otherwise making them available to any EEA Retail Investor in the EEA might be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors. The Notes (and beneficial interests therein) are not intended to be offered, sold or otherwise made available to (and should not be offered, sold or otherwise made available to) any UK Retail Investor in the UK. For these purposes, "*UK Retail Investor*" means a person who is one (or both) of the following: (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the EUWA or (b) a customer within the meaning of the Financial Services and Markets Act 2000 (as amended, the "*FSMA*") of the UK and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of the UK MiFIR. Consequently, no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (as amended, the "*UK PRIIPs Regulation*") for offering or selling the Notes (or beneficial interests therein) or otherwise making them available to UK Retail Investors in the UK has been prepared and, therefore, offering or selling the Notes (or beneficial interests therein) or otherwise making them available to any UK Retail Investor in the UK might be unlawful under the UK PRIIPs Regulation.

Potential investors should inform themselves of, and comply with, any applicable laws or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein).

NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE

In connection with Section 309B(1) of the Securities and Futures Act 2001 of Singapore (as amended, the "*SFA*") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (as amended, the "*CMP Regulations 2018*"), the Issuer has determined the classification of the Notes as "prescribed capital markets products" (as defined in the CMP Regulations 2018) and "Excluded Investment Products" (as defined in the Monetary Authority of Singapore (the "*MAS*") Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This notification constitutes notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains some statements that might be considered to be forward-looking statements. Forward-looking statements include (without limitation) statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this Prospectus, the words "anticipates," "estimates," "expects," "believes," "intends," "plans," "aims," "seeks," "may," "might," "will," "should," "potential," "forecast" and any similar expressions generally identify forward-looking statements. Forward-looking statements appear in a number of places throughout this Prospectus, including (without limitation) in the sections titled "Risk Factors" and "The Group and its Business," and include, but are not limited to, statements regarding:

- strategy and objectives,
- trends affecting the Group's results of operations and financial condition,
- asset portfolios,
- expected credit losses,
- capital spending,
- legal proceedings, and
- the Group's potential exposure to market risk and other risk factors.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results might differ materially from those expressed in these forward-looking statements.

The Issuer has identified certain of the risks inherent in these forward-looking statements and these are set out under "Risk Factors."

The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer's management believes that the expectations, estimates and projections reflected in the forward-looking statements in this Prospectus are reasonable as of the date of this Prospectus, if one or more of the risks or uncertainties inherent in these forward-looking statements materialise(s), including those identified in this Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, then the Issuer's actual results of operation might vary from those expected, estimated or projected and those variations might be material.

There might be other risks, including some risks of which the Issuer is unaware, that might adversely affect the Group's results, the Notes or the accuracy of forward-looking statements in this Prospectus. Therefore, potential investors should not consider the factors discussed under "Risk Factors" to be a complete discussion of all potential risks or uncertainties of investing in the Notes.

Potential investors should not place undue reliance upon any forward-looking statements. Any forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. Without prejudice to any requirements under applicable laws, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances upon which any such forward-looking statement is based.

STABILISATION

In connection with the issue of the Notes, HSBC Bank plc (the "*Stabilisation Manager*") (or Persons acting on behalf of the Stabilisation Manager) might overallot the Notes or effect transactions with a view to supporting the market price of an investment in the Notes at a level higher than that which might otherwise prevail; *however*, stabilisation might not necessarily occur. Any stabilisation action might begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, might cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or overallotment must be conducted by the Stabilisation Manager (or Persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules. Notwithstanding anything herein to the contrary, the Issuer may not (whether through overallotment or otherwise) issue more Notes than have been authorised by the CMB.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Bank is required to maintain its books of account and prepare statutory financial statements in accordance with the BRSA Principles (such financial statements, including any notes thereto and the independent auditor's reports thereon, the "*BRSA Financial Statements*"). The Bank's and the Group's BRSA Financial Statements are used for determinations of the Bank's and the Group's compliance with Turkish regulatory requirements established by the BRSA, including for the calculation of capital adequacy ratios. All financial statements incorporated by reference herein, including the Bank's consolidated and unconsolidated annual statutory financial statements as of and for each of the years ended 31 December 2021 (including comparative information for 2020) and 2022 (including comparative information for 2021) (in each case, including any notes thereto and the independent auditor's report thereon) (the "*BRSA Annual Financial Statements*") and the Bank's consolidated and unconsolidated financial statements as of and for the nine months ended 30 September 2023 (the "*BRSA Interim Financial Statements*"), have been prepared and presented in accordance with the BRSA Principles.

In this Prospectus, "*BRSA Principles*" means the laws relating to the accounting and financial reporting of banks in Türkiye (including the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related to the Banking Law as published in the Official Gazette No. 26333 dated 1 November 2006, other regulations on the accounting records of banks published by the board of the BRSA and circulars and interpretations published by the BRSA) and the requirements of the "Turkish Accounting Standards" and "Turkish Financial Reporting Standards" issued by the Public Oversight, Accounting and Auditing Standards Authority (in Turkish: *Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu*) (the "*POA*") for the matters that are not regulated by such laws.

The Bank's and the Group's BRSA Financial Statements incorporated by reference herein have been prepared in accordance with Turkish Financial Reporting Standards 9 (*Financial Instruments*), which are the IFRS 9-compliant financial reporting standards of Türkiye ("*TFRS 9*"), Turkish Financial Reporting Standards 15 (Revenue from Customer Contracts) ("*TFRS 15*") and Turkish Financial Reporting Standards 16 (Leases) ("*TFRS 16*").

The BRSA Annual Financial Statements were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Deloitte Touche Tohmatsu Ltd) ("*Deloitte*"), independent auditors, in accordance with the Regulation on Independent Auditing of Banks published by the BRSA in the Official Gazette No. 29314 dated 2 April 2015 (the "*Turkish Auditor Regulation*") and the Standards on Independent Auditing, which is a component of the Turkish Auditing Standards, as stated in Deloitte's independent auditor's reports included within such BRSA Financial Statements.

The BRSA Interim Financial Statements were reviewed by Deloitte in accordance with the Standard on Review Engagements (SRE) 2410 ("Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity"). With respect to the BRSA Interim Financial Statements, Deloitte has (*inter alia*) reported that: (a) a review of interim financial information: (i) consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures and (ii) is substantially less in scope than an independent audit conducted in accordance with independent auditing standards and (b) it does not express an opinion. Accordingly, the degree of reliance upon their report on such information should be restricted in light of the limited nature of the review procedures applied.

The BRSA Financial Statements incorporated by reference into this Prospectus, all of which are in English, were prepared as convenience translations of the corresponding Turkish language BRSA Financial Statements (which translations the Bank confirms are direct and accurate). The English language BRSA Financial Statements incorporated by reference herein were not prepared for the purpose of their incorporation by reference into this Prospectus.

While neither the Bank nor the Group is required by law to prepare its accounts under any accounting standards other than according to the BRSA Principles, including under International Financial Reporting Standards ("*IFRS*"), the Bank's management has in certain periods (including those covered by some of the BRSA Financial Statements incorporated by reference herein) elected to make publicly available audited annual consolidated financial statements that have been prepared in accordance with IFRS (such financial statements, including any notes thereto and the independent auditor's reports thereon, being referred to as "*IFRS Financial Statements*"), neither the Bank nor the Group has made publicly available IFRS Financial Statements as of and for the year ended 31 December 2022 nor (as of the date of this Prospectus) intends to do so for future fiscal periods. IFRS Financial Statements are not used by the Bank for any regulatory purposes and the Bank's management uses the BRSA Financial Statements and the BRSA Principles for the management of the Bank and communications with investors. As the Bank's management uses the BRSA Financial Statements, including in its communications with investors, IFRS Financial Statements are not included in (or incorporated by reference into) this Prospectus.

Except to the extent stated otherwise, the financial data for the Group included herein have been extracted, without material adjustment, from the Group's BRSA Financial Statements incorporated by reference herein. Potential investors in the Notes should note that this Prospectus also includes certain financial information for the Bank, which has been extracted, without material adjustment, from the Bank's BRSA Financial Statements incorporated by reference herein. Such financial information is identified as being of "the Bank" in the description of the associated tables or information. Such Bank-only financial information is (*inter alia*) presented in "Risk Factors" and "The Group and its Business."

Pursuant to TAS 29, Financial Reporting in High Inflation Economies ("*TAS 29*") under Turkish financial reporting standards ("*TFRS*") and the corresponding International Accounting Standards 29 ("*IAS 29*") under IFRS, the financial statements of entities whose functional currency is that of a hyperinflationary economy must be adjusted for the effects of changes in a general price index. Neither TAS 29 nor IAS 29 establishes an absolute rate when hyperinflation is deemed to arise, but rather each provides a series of non-exclusive guidelines as to when restatement of financial statements becomes necessary. These guidelines include, among other considerations, a quantitative characteristic verifying if the three-year cumulative inflation rate approaches or exceeds 100%. In March 2022, the International Practices Task Force of the Centre for Audit Quality, which monitors countries experiencing high inflation, categorised Türkiye as a country with a three-year cumulative inflation rate greater than 100% as of 28 February 2022. Accordingly, Turkish companies reporting under IFRS should apply IAS 29 to their financial statements for periods ending on and after 30 June 2022.

With respect to TFRS, TAS 29 recommends that all entities that report in the currency of the same hyperinflationary economy apply this standard from the same date. As such, as indicated in TAS 29, in order to ensure application compatibility within Türkiye, all reporting entities are expected to start to use TAS 29 at the same time following an announcement to do so by the POA. On 23 November 2023, the POA published an announcement requiring entities that apply TFRS to present their financial statements by adjusting for the impact of inflation for the annual period ending on or after 31 December 2023 in accordance with the principles set out in TAS 29; *however*, this announcement also provided that institutions authorised to regulate and supervise Turkish companies (*e.g.*, the BRSA as the regulator of Turkish banks) may determine a different transition date and, on 12 December 2023, the BRSA announced that such shall not apply for banks for BRSA Financial Statements as of and for the year ended 31 December 2023 (as of the date of this Prospectus, no statement has yet been made with respect to later accounting periods). As a result: (a) the Group's and the Bank's BRSA Financial Statements incorporated by reference into this Prospectus have not applied the inflation adjustment standards of TAS 29; *however*, such adjustments might be applied in the future (including with respect to some or all of the interim and/or annual BRSA Financial Statements for 2023), and (b) the Group's and the Bank's BRSA Financial Statements: (i) are not currently adjusted for inflation and (ii) to the extent they are hereafter so adjusted for inflation, will not be comparable to financial statements from earlier periods prepared without such policies. Nonetheless, as of and from 31 December 2023, deferred tax will be calculated and reflected in a bank's BRSA Financial Statements on the value differences that would have occurred had inflation adjustment been applied to non-monetary assets and liabilities as determined in accordance with the provisions of the tax procedures law; *however*, pursuant to Turkish law, such value difference made in the 2023, 2024 and 2025 accounting periods will not be taken into account in determining taxable earnings.

The Bank's management believes that there might be an inconsistency in the required treatment of such value differences in determining taxable income and thus intends to make a provision to offset the impact of such deferred tax income on the financial statements. This provision might result in the independent auditor's report included in each of the Group's and the Bank's BRSA Financial Statements as of and for the year ended 31 December 2023 (and potentially thereafter) to include a qualification based upon such provision not being within the requirements of the BRSA Principles.

Please note that the BRSA Financial Statements incorporated by reference herein have not been prepared in accordance with the international financial reporting standards as adopted by the EU based upon Regulation (EC) No. 1606/2002 and that there may be material differences in the financial information had Regulation (EC) No. 1606/2002 been applied to the historical financial information presented herein. A narrative description of the differences between IFRS and the BRSA Principles as adopted by the Issuer in preparing its BRSA Annual Financial Statements has been included in Appendix A ("Overview of Differences between IFRS and the BRSA Principles").

Alternative Performance Measures

To supplement the Bank's consolidated and unconsolidated financial statements presented in accordance with the BRSA Principles, the Bank uses certain ratios and other measures included (including through incorporation by reference) in

this Prospectus that might be considered to be "alternative performance measures" (each an "*APM*") as described in the ESMA Guidelines on Alternative Performance Measures (the "*ESMA Guidelines*") published by ESMA on 5 October 2015. The ESMA Guidelines provide that an APM is understood as "a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework." The ESMA Guidelines also note that they do not apply to APMs "disclosed in accordance with applicable legislation, other than the applicable financial reporting framework, that sets out specific requirements governing the determination of such measures."

Any APMs included in this Prospectus are not alternatives to measures prepared in accordance with the BRSA Principles and might be different from similarly titled measures reported by other companies. The Bank's management believes that this information, when considered in conjunction with measures reported under the BRSA Principles, is useful to investors because it provides a basis for measuring the organic operating performance in the periods presented and enhances investors' overall understanding of the Group's financial performance. In addition, these measures are used in internal management of the Group, along with financial measures reported under the BRSA Principles, in measuring the Group's performance and comparing it to the performance of its competitors. Furthermore, because the Group has historically reported certain APMs to investors, the Bank's management believes that the inclusion of APMs in this Prospectus provides consistency in the Group's financial reporting and thus improves investors' ability to assess the Group's trends and performance over multiple periods. APMs should not be considered in isolation from, or as a substitute for, financial information presented in compliance with the BRSA Principles.

For the Group, measures that might be considered to be APMs in this Prospectus (including pursuant to any supplement hereto) (and that are not defined or specified by the BRSA Principles or any other law applicable to the Group) include (without limitation) the following (such terms being used in this Prospectus as defined below):

cost of risk: For a particular period, this is: (a) the expected credit gain/(loss) for such period *as a percentage of* (b) the average loans and factoring receivables for such period. When determined for a period shorter than 12 months, this is expressed on an annualised basis by multiplying the result by 365 *divided by* the number of days in such period.

cost-to-income ratio: For a particular period, this is: (a) the operating expenses for such period *as a percentage of* (b) the net operating income for such period.

deposits-to-total assets: As of a particular date, this is: (a) the total deposits as of such date *as a percentage of* (b) the total assets as of such date.

loans-to-deposits ratio: As of a particular date, this is: (a) the total loans as of such date *as a percentage of* (b) the total deposits as of such date.

net interest margin: For a particular period, this is: (a) the net interest income for such period *as a percentage of* (b) the average interest-earning assets during such period. When determined for a period shorter than 12 months, this is expressed on an annualised basis by multiplying the result by 365 *divided by* the number of days in such period.

NPL ratio: As of a particular date, this is: (a) the NPLs as of such date *as a percentage of* (b) the gross loans as of such date. Where the NPL ratio is referenced solely with respect to a category of loans (*e.g.*, the NPL ratio of corporate loans), then this ratio is calculated solely with respect to such category of loans.

NPL coverage ratio: As of a particular date, this is: (a) the total provision amount for loans as of such date (excluding portfolio reserve) *as a percentage of* (b) the NPLs as of such date.

provisions for loans to total loans: As of a particular date, this is: (a) the provisions for expected credit losses of NPLs (excluding portfolio reserve) as of such date *as a percentage of* (b) the total loans as of such date.

return on average total assets: For a particular period, this is: (a) the net profit/loss for such period *as a percentage of* (b) the average total assets for such period. When determined for a period shorter than 12 months, this is expressed on an annualised basis by multiplying the result by 365 *divided by* the number of days in such period.

return on equity: For a particular period, this is: (a) the net profit/loss minus minority shares of net profit for such period *as a percentage of* (b) the average shareholders' equity excluding minority shares for such period. When determined for a period shorter than 12 months, this is expressed on an annualised basis by multiplying the result by 365 *divided by* the number of days in such period.

Stage 2 loans-to-performing loans ratio: As of a particular date, this is: (a) the Stage 2 loans as of such date *as a percentage of* (b) the total performing loans as of such date.

total loans (net of provisions)-to-total assets: As of a particular date, this is: (a) the total loans (net of provisions) as of such date *as a percentage of* (b) the total assets as of such date.

See "Summary Financial and Other Information" and "The Group and its Business" for further information on certain such calculations.

For any annualised figures calculated for a year, there can be no guarantee, and the Bank does not represent or predict, that actual results for the full year will equal or exceed the annualised figure and actual results might vary materially.

Reconciliations for certain items listed above (to the extent that any of such items are APMs) to the applicable financial statements are not included as they are not required by the ESMA Guidelines in these circumstances, including as a result of Article 29 thereof where the items described in the APM are directly identifiable from the financial statements (*e.g.*, where an applicable APM is merely a calculation of one item in the financial statements as a percentage of another item in the financial statements).

The following are definitions of certain terms that are used in the calculations of the terms defined above (such terms being used in this Prospectus as they are defined below except to the extent specifically stated otherwise):

average interest-earning assets: For a particular period, this is the average of the amount of interest-earning assets as of the balance sheet date immediately prior to the commencement of such period (*e.g.*, for any calendar year, 31 December of the previous year) and each intervening quarter-end date during such period.

average loans and factoring receivables: For a particular period, this is the average of the sum of: (a) the amount of loans and (b) the amount of factoring receivables, in each case as of the balance sheet date immediately prior to the commencement of such period (*e.g.*, for any calendar year, 31 December of the previous year) and each intervening quarter-end date during such period.

average shareholders' equity: For a particular period, this is the average of the amount of shareholders' equity as of the balance sheet date immediately prior to the commencement of such period (*e.g.*, for any calendar year, 31 December of the previous year) and each intervening quarter-end date during such period.

average total assets: For a particular period, this is the average of the amount of total assets as of the balance sheet date immediately prior to the commencement of such period (*e.g.*, for any calendar year, 31 December of the previous year) and each intervening quarter-end date during such period.

interest-earning assets: For a particular date, this is the total amount of the interest-earning portion of cash and balances with central banks, held to collect and sale investment securities (net), investment securities held to collect (net), financial assets measured at fair value through profit or loss (net), money market placements, loans and receivables, lease receivables (net) and factoring receivables (net) as of such date.

net interest income: For a particular period, this is: (a) the total interest income from interest-earning assets during such period *minus* (b) the total interest expense on interest-bearing liabilities during such period.

NPLs: As of a particular date, this ("*NPLs*") is the Stage 3 loans (including cash loans, lease receivables and factoring receivables) as of such date.

Expected credit losses are calculated based upon a probability-weighted estimate of credit losses (the present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due based upon the contract and the cash flows that are expected to be received. The calculation of expected credit losses per each stage is summarised below:

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial asset that are possible within the 12 months after the reporting date and are calculated as the portion of lifetime expected credit losses. This 12-month expected credit loss is calculated based upon a probability of default realised within 12 months after the reporting date. This expected 12-month probability of default is applied on an expected exposure at default, *multiplied by* the loss at a given default rate and discounted with the original effective interest rate.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, an allowance for the lifetime expected credit losses is calculated for such financial asset. It is similar to the description for Stage 1, but the probability of default and the loss at a given default rate are estimated through the life of the financial asset. Estimated cash shortfalls are discounted by using the original effective interest rate.

Stage 3: For financial assets considered to be impaired, the lifetime expected credit losses are calculated. This methodology is similar to Stage 2 and the probability of default is taken into account as 100%.

Currency Presentation and Exchange Rates

In this Prospectus, all references to:

(a) "*Turkish Lira*" and "*TL*" refer to the lawful currency for the time being of Türkiye,

(b) "*U.S. dollars*," "*US$*" and "*$*" refer to United States dollars, and

(c) "*euro*" and "*€*" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended.

No representation is made that the Turkish Lira or U.S. dollar amounts in this Prospectus could have been or could be converted into U.S. dollars or Turkish Lira, as the case may be, at any particular rate or at all. For a discussion of the effects on the Group of fluctuating exchange rates, see "Risk Factors - Risks Relating to the Group and its Business - Market Risks - Foreign Exchange and Currency Risk."

Certain Defined Terms, Conventions and Other Considerations in Relation to the Presentation of Information in this Prospectus

Reference is made to the "Index of Defined Terms" for the location of the definitions of certain terms defined herein.

In this Prospectus: (a) "Bank" or "Issuer" means Türk Ekonomi Bankası A.Ş. on a standalone basis and "Group" means the Bank and its subsidiaries (or, with respect to consolidated accounting information, the Bank and entities that are consolidated into the Bank), (b) the term "*law*" shall (unless the context otherwise requires) be deemed to include legislation, regulations and other legal requirements and (c) unless the contrary intention appears, a reference to a law (including a provision of a law) is a reference to that law (or provision) as extended, amended or re-enacted.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments and, accordingly, figures shown in the same category presented in different tables might vary slightly and figures shown as totals in certain tables might not be an arithmetic aggregation of the figures that precede them.

All of the information contained in this Prospectus concerning the Turkish market and Turkish banks has been obtained (and extracted without material adjustment) from publicly available information. All such data relating to the Turkish banking sector have been obtained from the website of the BRSA at www.bddk.org.tr, the website of the Banks Association of Türkiye (in Turkish: *Türkiye Bankalar Birliği*) (the "*Banks Association of Türkiye*") at www.tbb.org.tr or the website of the Interbank

Card Centre (in Turkish: *Bankalararası Kart Merkezi*) at www.bkm.com.tr, and all such data relating to the Turkish or European economy, including statistical data, have been obtained from the website of the Turkish Statistical Institute (in Turkish: *Türkiye İstatistik Kurumu*) ("*TurkStat*") at www.tuik.gov.tr, the website of the Central Bank of Türkiye (in Turkish: *Türkiye Cumhuriyet Merkez Bankası*) (the "*Central Bank*") at www.tcmb.gov.tr, the website of the Ministry of Treasury and Finance of Türkiye (the "*Turkish Treasury*;" where applicable, references to the Turkish Treasury shall be deemed to refer to the Undersecretariat of the Treasury, which was restructured to become part of the new Ministry of Treasury and Finance pursuant to Presidential Decree No. 1 dated 10 July 2018 published in the Official Gazette) at www.hmb.gov.tr or the website of the European Central Bank (the "*ECB*") at www.ecb.europa.eu. Such data have been extracted from such websites without material adjustment but might not appear in the exact same form on such websites or elsewhere. Such websites do not, and shall not be deemed to, constitute a part of, nor are incorporated into, this Prospectus and have not been scrutinised or approved by the Central Bank of Ireland. Certain information under the heading "Book-entry Clearing Systems and Summary of Certain Provisions Relating to the Notes in Global Form" has been extracted from information provided by the Clearing Systems referred to therein.

Where other third-party information has been used in this Prospectus, the source of such information has been identified. The Issuer confirms that all such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the relevant published information, no facts have been omitted that would render the reproduced information inaccurate or misleading. Without prejudice to the generality of the foregoing statement, third-party information in this Prospectus, while believed to be reliable, has not been independently verified by the Issuer or any other Person.

In the case of the presented statistical information, similar statistics might be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, might vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed.

The language of this Prospectus is English. Certain legal references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. In particular, but without limitation, the titles of Turkish laws and the names of Turkish institutions referenced herein (and in the documents (or portions thereof) incorporated by reference herein) have been translated from Turkish into English. The translations of these titles and names are direct and accurate.

Information in this Prospectus regarding the Bank's shareholders has been based upon public filings, disclosure and announcements by such shareholders.

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OVERVIEW OF THE OFFERING

The following overview of the offering might not contain all of the information that might be important to prospective investors in the Notes. This entire Prospectus, including the more detailed information regarding the Bank's business and the BRSA Financial Statements incorporated by reference into this Prospectus, should be read carefully. Investing in the Notes involves risks. The information set forth under "Risk Factors" should be carefully considered. Certain statements in this Prospectus are forward-looking statements that also involve uncertainties as described in "Cautionary Statement Regarding Forward-Looking Statements."

The Group

The following overview should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Prospectus, including in the BRSA Financial Statements (including the notes thereto) incorporated by reference into this Prospectus.

General

The Bank, which was established on 26 January 1927 as a joint-stock company based in İzmit, began as a small-scale regional bank but now provides banking products and services to corporate, small- and medium-enterprises ("*SME*"), retail and private banking customers through a network of 444 branches operating in 71 of the 81 cities throughout Türkiye and Northern Cyprus, consisting of 236 mixed-service branches, 160 retail-only branches (of which four serve payroll customers only, six are university-based branches and one is a Private Banking branch), 11 corporate-only branches, 11 SME Plus branches, 12 branches with a sole focus on agricultural clients, one free-trade zone branch and two mobile branches, in each case as of 31 December 2023. As of 30 September 2023, according to the most recent statistics published before the date of this Prospectus on the Public Disclosure Platform (*Kamuyu Aydınlatma Platformu*) (www.kap.gov.tr) ("*Public Disclosure Platform*"), the Bank was the seventh largest private bank in Türkiye in terms of bank-only total assets with TL 355.0 billion of total assets. As of such date, the Group had total loans and factoring receivables of TL 195.0 billion, total deposits of TL 245.0 billion and total shareholders' equity of TL 35.6 billion.

The Bank is a subsidiary of BNP Paribas (BNP Paribas with its group members, the "*BNP Paribas Group*"), which directly or indirectly owns and controls 72.48% of the Bank's shares and consolidates the Bank into its consolidated financial statements. TEB Holding A.Ş. ("TEB Holding") holds a majority (55.00%) stake in the Bank, with members of the Çolakoğlu Group and the BNP Paribas Group each owning an equal (50.00%) stake in TEB Holding.

The Group, through the Bank (with its 444 branches in Türkiye and Northern Cyprus as of 31 December 2023) and its subsidiaries, also undertakes factoring (through the Bank's subsidiary TEB Faktoring A.Ş.), brokerage, portfolio management and investment banking activities (through the Bank's subsidiaries TEB Yatırım Menkul Degerler A.Ş. and TEB Portföy Yönetimi A.Ş.), consumer financing activities (through the Bank's subsidiary TEB Finansman A.Ş./TEB Cetelem) and insurance agency activities (through the Bank's exclusive agency agreements in Türkiye with BNP Paribas Cardif Emeklilik A.Ş. and Zurich Sigorta A.Ş.), each of which is described in more detail later in this Prospectus. In addition to its branch network, the Group has made significant investments in alternative delivery channels such as automated teller machine ("*ATM*") and point-of-sale ("*POS*") networks, internet banking, mobile banking and a call centre.

The Bank operates through three main business segments (corporate and corporate investment banking, SME banking and retail and private banking) as well as an Asset Liability Management and Treasury Group ("*ALM&T Group*") and the Global Markets Group ("*Global Markets Group*"), additional information about each of which is provided below:

- *Corporate and Corporate Investment Banking*. The Bank's corporate banking activities consist primarily of traditional and non-cash lending, trade finance, foreign trade, cash management, deposit taking and risk management. The Corporate and Corporate Investment Banking Group serves businesses (including multinational corporations) with annual revenues of at least TL 300 million. As of 30 September 2023, the Corporate and Corporate Investment Banking Group had approximately 6,445 customers and performing loans and receivables of TL 77.8 billion, representing 44.3% of the Bank's performing loans and receivables.

- *SME Banking*. The Bank's SME Banking Group offers its clients a range of products and services, including cash and non-cash loans, project finance products, investment loans, cash management services and deposits. The SME banking segment serves: (a) SMEs, which are entities with annual revenues of at least TL 7 million but less than TL 75 million, and (b) larger SMEs (referred to as "SME Plus"), which are enterprises with annual revenues of at least TL 75 million but less than TL 300 million. Micro SMEs, which are micro-businesses with annual revenues of less than TL 7 million, are managed as part of the Retail and Private Banking Group. In recent years, SME banking has represented an increasingly important part of the Group's overall loan portfolio. As of 30 September 2023, the Group's SME Banking Group had 115,647 customers and performing loans and receivables of TL 38.3 billion, representing 21.5% of the Bank's performing loans and receivables.

- *Retail and Private Banking*. The Group's retail banking activities consist primarily of mortgages, consumer lending, credit and debit card services, deposits, investments and insurance products, serving consumers and micro SMEs (*i.e.*, micro-businesses with annual revenues of less than TL 7 million). As of 30 September 2023, the Bank's Retail and Private Banking Group had approximately 8.2 million retail customers and performing retail loans and receivables (including mortgage, retail credit card and consumer loans (which comprise personal need loans, overdrafts and auto loans)) of TL 60.7 billion, representing 34.2% of the Bank's performing loans and receivables.

  Within the Retail and Private Banking Group, the Bank operates a private banking unit that serves customers with total deposits and investments at the Bank of at least TL 3,000,000. The services provided to these customers include those provided to other consumers as well as sophisticated investment products and derivatives and services such as providing information, guidance and advisory services for deposit and investment products. As of 30 September 2023, the Bank had 9,703 private banking customers and performing loans and receivables to private banking clients of TL 0.3 billion.

- *Asset Liability Management and Treasury*. The ALM&T Group directs the Bank's policies relating to asset and liability management in accordance with the policies set by the Bank's Assets and Liabilities Committee (the "*ALCO*"). This department assesses and manages the Group's balance sheet, its interest and liquidity gap positions and its held to collect and sale and held to collect securities, reporting to the ALCO and the Board of Directors on these matters. The department is divided into two units: the Asset Liability Management (the "*ALM*") division and the Treasury division.

- *Global Markets*: The Global Markets Group provides sales and trading services for a wide set of global markets products (foreign exchange, rates, credits and derivatives) in accordance with mandates and limits approved by the Bank. The Global Markets Group serves all of the Bank's clients (*e.g.*, providing hedging solutions to corporate/SME clients and yield enhancement products to retail and wealth management clients) in close cooperation with the Bank's other business lines and support functions. The Global Markets Group's trading desk provides liquidity to counterparts, manages client flow and serves as a primary dealer for the Turkish Treasury.

The Bank's registered office is located at TEB Kampüs, C & D Blok, Saray Mahallesi Sokullu Caddesi No:7A-7B, Ümraniye 34768, İstanbul, Türkiye, telephone number +90-216-635-3535. The Bank's registration number is 189356/136872.

Key Strengths

The Bank's management believes that the Group has a number of key strengths that enable the Group to compete effectively in the Turkish banking sector. As of the date of this Prospectus, the Bank's management sees these key strengths as being:

- *A globally strong and collaborative shareholder*. BNP Paribas is a leading bank in Europe with an international reach, having presence in 65 countries with nearly 185,000 employees.

● *A strong and trusted brand in the local market*. One of Türkiye's oldest and most deeply rooted financial institutions, the Bank commenced banking operations in 1927 and has continued to expand its branch network and product and service diversity with its: (a) strong overall IT infrastructure, (b) strong balance sheet and prudent risk management, (c) strong and dedicated corporate and corporate investment banking service model and (d) expansive set of high-quality retail, SME and corporate products.

● *A solid digital offering*. The Bank fulfils its customers' needs with a practical and solution-oriented approach through is digital banking channels, primarily the mobile banking platform "CEPTETEB," including the "CEPTETEB İŞTE" platform that is positioned as a fundamental service channel to SME customers.

● *A commitment to customers*. The Bank focuses on continually improving customer experience by keeping pace with evolving technology and catering to customer needs, driving the Bank's success in new customer acquisition, deposit and credit offers, campaigns, current value propositions and systemic developments in terms of customer expectations.

● *Sustainable Financing:* The Bank is committed to adopting sustainability practices throughout its operations in line with BNP Paribas' policies and procedures. For example, for sustainable financing, the Bank maintains an exclusion list that identifies certain activities that the Bank will not finance and sector policies for sectors with high environmental and social risks (additional conditions must be met before financing can be provided to clients operating in such sectors) and also adheres to the Equator Principles for project financings. In addition, business clients undergo an environmental and social risk assessment (which is updated periodically). On the funding side, the Bank regularly works with supranationals for sustainability-linked funding and the syndicated loans received by the Bank have been sustainability-linked in recent years. The Bank is also an active participant in various endeavours to develop the rules applicable to sustainability finance in the Turkish market, including through the Banks Association of Türkiye.

● *Being a pioneering bank of the start-up ecosystem*. The Bank is the first Turkish bank to recognise the opportunity of participating and supporting the startup ecosystem, thus enabling it to benefit from a first-mover reputation in Türkiye. Through TİM-TEB Start-up Houses, the Bank supports technology start-ups' growth and export capability, which also increases the share of high-tech products within Türkiye's total exports.

Strategy

The Bank's overall goal is to generate the highest incremental profit and efficiency gain among its peers through 2025. The key strategies, as enumerated in the Bank's Growth, Technology & Sustainability Strategic Plan, to achieve this goal are set out below:

● *Enlarge valuable customer base*. The Bank seeks to: (a) strongly increase its active retail customer base in the next five years, (b) become the preferred bank for corporates and SMEs in Türkiye and (c) including through leveraging its membership in the BNP Paribas global network, become a leading bank for multinational corporations in Türkiye.

● *Increase digitalisation*. The Bank seeks to expand its digitalisation, including to provide the best digital product infrastructure to customers, by investing in customer relationship management (CRM) tools, big data, analytics and real-time interaction technologies that provide a better insight into customer needs and allow targeting customers with correctly timed personalised offers.

● *Increased focus on sustainability and stakeholder engagement*. The Bank aims to increase its focus on sustainability and stakeholder engagement, including via its Sustainability and Stakeholder Committee, in order to enhance the positive impacts of its businesses.

● *More agile and efficient bank*. The Bank aims to develop and maintain an agile and dynamic organisation that is able to adapt to changing market dynamics, including through delegating authority levels through clearly defined policies and making effective usage of big data.

The Bank intends to work towards its goal by implementing these and other strategies through Bank-wide projects that achieve operational excellence and by pursuing optimised growth in both retail and non-retail business lines.

With respect to the Bank's primary customers, there are specific goals and strategies that support progress towards achieving the Bank's overall goal, including:

- *Consumer*. For consumer banking, the Bank seeks to expand the active customer base by being the highest digitally penetrated bank in Türkiye, achieving low churn and selective growth through bulk acquisition (*e.g.*, customer acquisition through salary payment agreements with their employers). In the "affluent" sub-segment, the Bank aspires to achieve above-market growth by offering customers portfolio managers who provide tailored investment strategies. In the private banking sub-segment, the Bank intends to combine the global knowledge and experience of BNP Paribas' wealth management operations with the Bank's own innovative service concept to offer customers a broad product and service portfolio and also aims to maintain a healthy increase in the number of customers by sourcing customers who own and/or work at the Bank's non-retail customers.

- *SME*. For micro-SMEs, the Bank seeks to achieve above-market digital penetration and maintain its market share, including through focusing on specific professional groups.

  For larger SMEs serviced by the Bank's SME Banking Group, the Bank aims to increase its market share, utilising its "consultancy" approach for SMEs in place since 2005. Benefitting from the worldwide organisation and expertise of the BNP Paribas Group, the SME Banking Group offers exclusive tailor-made financial and non-financial products and services to SMEs by acting as a consultant bank rather than applying classical banking approaches, with the aim of offering SMEs the best customer experience. The SME Banking Group's service model aims to offer a wide range of boutique products, including foreign trade, project financing, derivative products and supplier financing, for SMEs seeking specialised services. Developing more effective and comprehensive digital tools and offerings are an important priority, in line with which the SME Banking Group focuses on digitalisation, a field that requires innovation, creativity and, above all, application in its business processes as well as in the products and services it offers. Furthermore, with attention to environmental and social impacts, the SME Banking Group seeks to increase the share of sustainability-linked loans within total loans, including through offering solutions for the financing of green projects such as renewable energy, energy efficiency, recycling/reuse/repair/remanufacturing, waste management and renewal projects to reduce carbon emissions.

- *Corporate*. The Bank's Corporate Banking Group aims to expand the relative share of corporate loans within the Bank's overall loan mix and increase its market share in selected sectors, including through cross-selling to profitable customers through a simplified service model aligned to the needs of sub-segments of customers. Moreover, the Bank intends to leverage its membership in the BNP Paribas global network, both through the network's diverse geographical presence (including through BNP Paribas Group members in Central and Eastern Europe, the United States, the UK and Africa) as well as its wide range of products, with a particular focus on broadening the Bank's base of multinational corporation clients. The Corporate Banking Group also utilises support of BNP Paribas Group teams and industry/sector exports for sector-tailored approach in key sectors, including construction, steel and energy.

Supporting all of the Bank's efforts, the Bank intends to continue to invest in its digital platform, strengthen its digital capabilities via a number of different initiatives that will prepare the Bank for the future. Also, the Bank intends to continue investing in customer relationship management (CRM) software, big data, analytics and real-time interaction technologies for gaining a better insight into customer needs and responding to expectations with correctly timed personalised offers. Furthermore, the development of employee potential and engagement is another dimension of the strategy as the Bank's management is of the view that people should be at the core of the Bank's priorities in order to develop the necessary expertise for the Bank's success.

It is important to highlight that, with regards to the above-noted ambitions, the Bank intends to manage a balanced and strong risk distribution by determining its growth path in specific customer segments, sectors and products within a framework defined and the decisions made by the Bank's Risk Policy Committee. For example, in order to preserve the Bank's profitability and create funds for realising its strategies, more profitable products are chosen as the engines of growth (*e.g.*, there is a priority on saving and demand deposits, consumer loans and fee-generating businesses such as mutual funds and investment products).

In addition to the above, sustainability and stakeholder engagement have also been placed at the forefront of the Bank's strategies, with the establishment of governance bodies focused on enhancing the performance of the Group in economic, civic, social and environmental fields, reaching global standards in compliance with voluntary codes, and ensuring that the related policies, systems and standards are properly implemented within the Bank. The Bank's Sustainability and Stakeholder Engagement Committee is responsible for managing the economic, civic, social and environmental performances of the Group in line with the expectations of its key stakeholders, for creating positive impacts in these fields, and for integration of the principles and targets identified in the Bank's sustainability policies with daily operations.

Risks described in Risk Factors

Investing in the Notes entails risks. Before investing in the Notes, potential investors should carefully review "Risk Factors" below, which sets out certain risks relating to political, economic and legal circumstances, the Turkish banking industry, the Group and its business, the Group's relationship with its shareholders and the Notes themselves, which risks are organised in appropriate categories and sub-categories as required by the Prospectus Regulation. Potential investors in the Notes should not consider the factors discussed under "Risk Factors" to be a complete set of all potential risks or uncertainties of investing in the Notes.

Overview of the Notes

The following overview sets out key information relating to the offering of the Notes, including the essential characteristics of, and risks associated with, the Notes. The following is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus (including in the documents incorporated by reference herein). Terms used in this overview and not otherwise defined herein shall have the meanings given to them in the Conditions.

Issue:	US$400,000,000 Fixed Rate Resettable Tier 2 Notes due 2034, which are issued in compliance with Article 8 of the Equity Regulation and the BRSA Tier 2 Approval and subject to the CMB's approval in accordance with the Debt Instruments Communiqué and Article 15(b) of Decree 32.
Interest and Interest Payment Dates:	The Notes will bear interest from (and including) the Issue Date (*i.e.*, 17 January 2024) to (but excluding) the Issuer Call Date (*i.e.*, 17 January 2029) at a fixed rate of 9.375% *per annum*. From (and including) the Issuer Call Date to (but excluding) the Maturity Date (*i.e.*, 17 January 2034), the Notes will bear interest at a fixed rate *per annum* equal to the Reset Interest Rate. Interest will be payable semi-annually in arrear on each Interest Payment Date (*i.e.*, 17 January and 17 July in each year) up to (and including) the Maturity Date; *provided* that if any such date is not a Payment Business Day (as defined in Condition 7.4), then the Noteholders will not be entitled to payment until the next Payment Business Day and, in any such case, will not be entitled to further interest or other payment in respect of such delay. The Reset Interest Rate means the rate *per annum* equal to the aggregate of: (a) the Reset Margin (*i.e.*, 5.414% *per annum*) and (b) the CMT Rate (as defined in Condition 5.6), as determined by the Fiscal Agent on the third Business Day immediately preceding the Issuer Call Date (*i.e.*, the Reset Determination Date).
Maturity Date:	Unless previously redeemed or purchased and cancelled as provided in the Conditions, the Notes will be redeemed by the Bank at their respective then Prevailing Principal Amount on the Maturity Date (*i.e.*, 17 January 2034).
Use of Proceeds:	The net proceeds of the offering of the Notes (which are expected to be US$397,600,000) will be used by the Bank for general corporate purposes.
Regulatory Treatment:	Application was made by the Bank to the BRSA for confirmation that the full principal amount of the Notes will qualify for initial treatment as "Tier 2" capital (as provided under Article 8 of the Equity Regulation), which approval (*i.e.*, the BRSA Tier 2 Approval) has been received. See "Turkish Regulatory Environment – Capital Adequacy – Tier 2 Rules."
Status and Subordination:	The Notes (and claims for payment by the Issuer in respect thereof) will constitute direct, unsecured and subordinated obligations of the Issuer and will, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

(a) subordinate in right of payment to the payment of all Senior Obligations,

(b) *pari passu* without any preference among themselves and with all Parity Obligations, and

(c) in priority to all payments in respect of Junior Obligations.

By virtue of such subordination of the Notes, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid under the Notes until all payment obligations in respect of Senior Obligations have been satisfied. Please refer to Condition 3.1.

Non-Viability/Write-Down of the Notes: If a Non-Viability Event occurs at any time, then the Issuer will:

(a) *pro rata* with the other Notes and (if any exist) all Parity Loss-Absorbing Instruments, and

(b) in conjunction with, and such that no Write-Down shall take place without there also being:

(i) the maximum possible reduction in the principal amount of, and/or corresponding conversion into equity being made or other similar or equivalent action being taken in respect of, all Junior Loss-Absorbing Instruments (including Additional Tier 1 Capital) in accordance with the provisions of such Junior Loss-Absorbing Instruments, and

(ii) the implementation of Statutory Loss-Absorption Measures, involving the absorption by all other Junior Obligations (including common equity Tier 1 capital (in Turkish: *çekirdek sermaye*)) to the maximum extent allowed by applicable law of the relevant loss(es) giving rise to the Non-Viability of the Issuer within the framework of the procedures and other measures by which the relevant loss(es) of the Issuer giving rise to the Non-Viability Event may be absorbed by such Junior Obligations pursuant to Article 71 of the Banking Law and/or otherwise under Turkish law,

reduce the then Prevailing Principal Amount of each outstanding Note by the relevant Write-Down Amount in the manner described in Condition 6. Please refer to Condition 6 for further information on such potential Write-Downs, including for the definitions of various terms used in this section.

No Set-off or Counterclaim: All payment obligations of, and payments made by, the Issuer on the Notes must be determined and made without reference to any

right of set-off or counterclaim of any holder of the Notes, whether arising before or in respect of any Subordination Event. By virtue of the subordination of the Notes, following a Subordination Event and for so long as that Subordination Event subsists and prior to all payment obligations in respect of Senior Obligations having been satisfied, no holder of the Notes is permitted to exercise any right of set-off or counterclaim in respect of any amount owed to such holder by the Issuer in respect of the Notes and any such rights will be deemed to be waived. Please refer to Condition 3.2.

No Link to Derivative Transactions or Issuer-provided Security: .... The Issuer will not: (a) link its obligations in respect of the Notes to any derivative transaction or derivative contract or (b) provide any direct or indirect guarantee or security (in Turkish: *teminat*) for such obligations, in each case in a manner that would result in a violation of Article 8(2)(b) of the Equity Regulation. Please refer to Condition 3.3.

Certain Covenants: .... The Conditions provide that the Issuer agrees to certain limited covenants. Please refer to Condition 4.

Optional Redemption for Taxation Reasons:...................... The Issuer may, having given not less than 10 nor more than 60 days' notice to the Noteholders (which notice will be irrevocable and will specify the date fixed for redemption), redeem all, but not some only, of the Notes, subject (if required by applicable law) to having obtained the prior approval of the BRSA, on any Payment Business Day at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption upon the occurrence of a Tax Event after 15 January 2024. Please refer to Condition 8.2.

Issuer Call:.. The Issuer may, having given not less than 10 nor more than 60 days' notice to the Noteholders (which notice will be irrevocable), redeem all, but not some only, of the Notes, subject (if required by applicable law) to having obtained the prior approval of the BRSA, on the Issuer Call Date (*i.e.*, 17 January 2029) at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the Issuer Call Date. Please refer to Condition 8.3.

Optional Redemption upon a Capital Disqualification Event: .... The Issuer may, having given not less than 10 nor more than 60 days' notice to the Noteholders (which notice will be irrevocable and will specify the date fixed for redemption, which date will not be earlier than the date falling three months before the date on which the Notes (or the applicable portion thereof) cease to be eligible for inclusion as Tier 2 Capital of the Issuer), redeem all, but not some only, of the Notes on any Payment Business Day at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption upon the occurrence of a Capital Disqualification Event. Please refer to Condition 8.4.

Substitution or Variation instead of Redemption: .... If at any time a Tax Event or a Capital Disqualification Event has occurred that then allows the Issuer to redeem the Notes pursuant to Condition 8.2 or 8.4, as the case may be, the Issuer may, instead of giving notice to redeem the Notes, but subject to compliance with Applicable Banking Regulations (including, if applicable, the prior approval of the BRSA) and having given not less than 10 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice will be irrevocable), at any time (without any requirement for the consent or approval of the Noteholders) either substitute all (but not some only) of the Notes for Qualifying Tier 2 Securities or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Tier 2 Securities. See Condition 8.5.

Taxation; Payment of Additional Amounts: .... Subject to certain customary exceptions set out in Condition 9, all payments of principal and interest on the Notes by (or on behalf of) the Issuer are to be made without withholding or deduction for, or on account of, any present or future Taxes imposed, assessed or levied by (or on behalf of) any Relevant Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such Additional Amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts that would have been receivable on the Notes in the absence of such withholding or deduction. Please refer to Condition 9.

Under current Turkish law, withholding tax at the rate of 0% applies on payments of interest on the Notes. See "Taxation - Certain Turkish Tax Considerations."

Enforcement Event: .... Upon the occurrence of an Enforcement Event, the holder of any Note may exercise certain limited remedies. Please see Condition 11 for further information.

Form, Transfer and Denominations: .... The Notes initially will be represented by beneficial interests in a Global Certificate in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with the Common Depositary and registered in the name of the Common Depositary. Except in limited circumstances, Definitive Certificates will not be issued to investors in exchange for beneficial interests in a Global Certificate.

Interests in a Global Certificate will be represented in, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg (or their respective direct or indirect participants, as applicable).

Interests in the Notes will be subject to certain restrictions on transfer. See "Subscription and Sale - Selling Restrictions."

Notes will, on the Issue Date, be issued in denominations of US$200,000 and in integral multiples of US$1,000 in excess thereof.

Purchases by the Issuer and/or its Related Entities: .... Except to the extent permitted by applicable law, the Notes (and beneficial interests therein) may not be purchased by, or otherwise assigned and/or transferred to, or for the benefit of, the Issuer or any Related Entity (as defined in Condition 8.6). If so permitted by applicable law (including, if required by applicable law, subject to having obtained the prior approval of the BRSA), the Issuer and/or any Related Entity may at any time purchase, have assigned or otherwise transferred to it or otherwise acquire (or have a third party do so for its benefit) Notes (or beneficial interests therein) in any manner and at any price in the open market or otherwise. Please see Condition 8.6.

Governing Law: .... The Notes, the Agency Agreement and the Deed of Covenant, and any non-contractual obligations arising out of or in connection with any of them, will be governed by and construed in accordance with English law, except for the provisions of Condition 3 (including as referred to in Condition 6), which will be governed by, and construed in accordance with, Turkish law.

Listing and Admission to Trading:...................................... Application has been made by the Bank to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Regulated Market.

Turkish Selling Restrictions:... The offer and sale of the Notes (or beneficial interests therein) are subject to restrictions in Türkiye in accordance with applicable CMB and BRSA laws. See "Subscription and Sale - Selling Restrictions - Türkiye."

Other Selling Restrictions: .... The Notes have not been and will not be registered under the Securities Act or any other U.S. federal or state securities laws and the Notes (and beneficial interests therein) may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes (or beneficial interests therein) are also subject to restrictions in other jurisdictions, including the EEA (including Belgium), the UK, Hong Kong, Singapore and Switzerland. See "Subscription and Sale - Selling Restrictions."

Risk Factors:... There are certain factors that might affect the Issuer's ability to fulfil its obligations under the Notes. The material of these are set out under "Risk Factors," which includes risks relating to the Group and its business, the Group's relationship with the Issuer's principal shareholder, Türkiye and the Turkish banking industry. In addition, there are certain other factors that are material for the purpose of assessing the risks associated with the Notes, including certain market risks. See "Risk Factors."

Issue Price:.. 100.00% of the principal amount of the Notes.

Yield for the Period through the Issuer Call Date:............. 9.375% *per annum*

Security Codes:	ISIN: XS2744911830 Common Code: 274491183 CFI Code: DBFNFR FISN: TURK EKONOMI BA/9.375EUR NT 2034011
Representation of Noteholders:...	There will be no trustee.
Expected Initial Rating:...	"CCC+" by Fitch. The "Ratings Definitions" of Fitch describe this rating as indicating that there is substantial credit risk and very low margin for safety, with default being a real possibility (and the assignment of the modifier "+" denotes the relative status of the Notes within the rating category).
Fiscal Agent, Transfer Agent, Registrar and Principal Paying Agent:	BNP Paribas, Luxembourg Branch

RISK FACTORS

An investment in the Notes involves risk. Prospective investors in the Notes should carefully consider the information contained in this Prospectus and the documents (or portions thereof) that are incorporated by reference herein, and in particular should consider all of the risks inherent in making such an investment before making a decision to invest in the Notes. Investors in the Notes assume the risk that the Issuer might become insolvent or otherwise be unable to make all payments due in respect of the Notes.

There is a wide range of factors that individually or together might result in the Issuer becoming unable to make payments due in respect of the Notes. It is not possible to identify all such factors or (other than the most material within each category of risks) to rank their materiality as the Issuer might not be aware of all relevant factors and certain factors that it currently deems not to be material might become material as a result of the occurrence of future events of which the Issuer does not have knowledge as of the date of this Prospectus. The Issuer has identified in this Prospectus a number of factors that might materially adversely affect its ability to make payments due under the Notes; however, the Issuer does not represent that the risks set out herein are exhaustive or that other risks might not arise in the future. In addition, factors identified by the Issuer that are material for the purpose of assessing the market risks associated with the Notes are also described below.

Prospective investors in the Notes should consult with appropriate professional advisors to make their own legal, tax, business and financial evaluation of the merits and risks of investing in the Notes.

As a large Turkish bank, the Issuer's business is significantly impacted by the condition of the Turkish economy, which itself is significantly influenced by Turkish political circumstances and global economic conditions (particularly in those countries with whom Türkiye has a material trading relationship). The category of risk factors entitled "Risks Relating to Türkiye" below describes the material risks relating to Türkiye that the Issuer's management has identified as potentially having a material impact on the Issuer, including those impacting materially on its business, financial condition and/or results of operations and thus on its ability to make payments due in respect of the Notes. In addition to the macroeconomic conditions relating to Türkiye, the Group's business, financial condition and results of operations, and thus its ability to make payments due in respect of the Notes, are also subject to significant risks specific to the Group, including the ones discussed in the category of risk factors entitled "Risks Relating to the Group and its Business" below. Prospective investors in the Notes should also consider risks relating to the structure of, and market for, the Notes, the material ones of which that have been identified by the Issuer's management are described in the category of risk factors entitled "Risks Relating to the Notes" below.

The exposure of the Group's business to a market downturn in Türkiye or the other markets in which it operates, or any other risks, might exacerbate or trigger other risks that the Group faces. For example, if the Group incurs substantial losses due to an economic downturn in Türkiye, then its need for liquidity and/or capital might rise sharply while its access to such liquidity and/or capital might be impaired. In addition, in conjunction with an economic downturn, the Group's counterparties might experience substantial financial difficulties of their own, thereby weakening their financial condition and increasing the credit risk of the Group's exposure to such counterparties. As such, the below risks should be understood in the context that more than one might apply concurrently and compound any adverse effects on the Group's business, financial condition and/or results of operations.

Risks Relating to Türkiye

The most material risk to the Issuer's ability to make payments due in respect of the Notes is that its business, including its loan portfolio, deposit base and government securities holdings, is concentrated in Türkiye. For example, as of 30 September 2023: (a) the Bank's loans (net) constituted 51.47% of its total assets, substantially all of which loans were made to borrowers located in Türkiye, (b) the Bank's deposits from customers (excluding interbank customers) constituted 65.61% of its total liabilities, almost all of which deposits were located in Türkiye, and (c) 9.86% of the Bank's total assets were invested in securities issued by the Turkish Treasury.

The Group's business is significantly dependent upon its customers' desire to deposit funds with the Group and borrow money from the Group and their ability to meet their obligations to the Group, all of which is materially impacted by the strength of the Turkish economy. A slowdown or downturn in the Turkish economy because of, among other factors, inflation, an increase in domestic interest rates, a decrease in domestic or external demand, an increase in unemployment, changes in economic, monetary or fiscal policy or changes in exchange rates for the Turkish Lira might reduce the demand for the Group's

services and products, negatively impact the ability of the Group's counterparties to meet their obligations to the Group and/or decrease the amount of deposits held at the Group.

Accordingly, the Group's business, financial condition and results of operations are significantly subject to the political and economic conditions prevailing in Türkiye, investors' confidence in Türkiye, the Turkish regulatory environment and other conditions relating to Türkiye. These principal sub-categories of the risks relating to Türkiye are set out in "-Political Conditions," "-Economic Conditions" and "-Turkish Regulatory and Other Matters" below.

Political Conditions

The political circumstances in Türkiye have had (and will continue to have) a material influence on the Turkish economy, which in turn have resulted (and will continue to result) in material impacts on the Group's business, financial condition and/or results of operations. These conditions include (*inter alia*) domestic political events, Türkiye's relationship with other nations, internal and regional conflicts and the regulatory framework in Türkiye. The political conditions that the Issuer's management has identified as having a material impact on the Issuer, including on its ability to make payments due in respect of the Notes, are set out in this section.

Political Developments – Political developments in Türkiye might negatively affect the Group's business, financial condition and/or results of operations

Negative changes in Türkiye's domestic and/or international political circumstances, including the inability of the Turkish government to devise or implement appropriate economic programmes and the level of investor confidence in Türkiye's economic programmes and governance, might adversely affect the stability of the Turkish economy and, in turn, the Group's business, financial condition and/or results of operations.

The Turkish political environment has at times been volatile, specifically following an attempted coup on 15 July 2016 by a group within the Turkish army. Following the coup attempt, including during a two year state of emergency implemented by the government, the government has: (a) initiated legal proceedings against numerous institutions (including schools, universities, hospitals, associations and foundations), some of which were closed down, (b) arrested, discharged or otherwise limited thousands of members of the military, the judiciary and the civil service, (c) restricted media outlets and (d) otherwise taken actions in response to the coup attempt, including expansion of these actions to members of the business community and the journalism sector.

In elections held on 24 June 2018, President Erdoğan received approximately 53% of the votes, being re-elected as the President, and the Justice and Development Party (*Adalet ve Kalkınma Partisi* (the "*AKP*")), the President's party, and the Nationalist Movement Party (*Milliyetçi Hareket Partisi*) (MHP), which formed the "People's Alliance" bloc with the AKP, together received sufficient votes to hold a majority of the seats in Parliament. As of 9 July 2018, the parliamentary system was transformed into a presidential one and President Erdoğan thus now holds the additional powers granted to the President pursuant to a referendum held on 16 April 2017.

On 9 July 2018, President Erdoğan announced the new ministers of his cabinet, which included the appointment of the former minister of Energy and Natural Resources and his son-in-law, Berat Albayrak, as the Minister of Treasury and Finance. On 6 July 2019, the governor of the Central Bank was removed from his post by a Presidential Decree and, on the same day, President Erdoğan appointed Mr. Murat Uysal, one of the Central Bank's then-deputy governors, as the new governor of the Central Bank. This was followed on 9 August 2019 by the board of the Central Bank, as part of its reorganisation, removing from office its chief economist and some other high-ranking officials. On 8 November 2020, Mr. Albayrak resigned from his position as Minister of Treasury and Finance and was promptly replaced by Mr. Lutfi Elvan, a former Minister of Development and Minister of Transport, Maritime and Communication. Following the depreciation of the Turkish Lira to its weakest value to that date (exceeding TL 8.5 per U.S. dollar), the governor of the Central Bank was replaced by a Presidential Decree on 7 November 2020 and then (on 20 March 2021) was replaced again after a series of rate increases. The replacement of Mr. Naci Ağbal, the then-governor of the Central Bank on 20 March 2021, led to a negative market reaction, with investors' sales of certain Turkish assets leading to the value of the Borsa İstanbul 100 stock index declining by 9.6% in a week and the Turkish Lira depreciating by 9.0% against the U.S. dollar (from TL 7.27 per U.S. dollar before the replacement of the governor to TL 7.99 per U.S. dollar) during the same period. The Central Bank policy rate increased throughout 2020 and into 2021 (topping at 19.00% from March to September 2021) as a result of ongoing higher inflation and increasing inflation expectations; *however*, contrary to the expectations of some market participants, the rate was reduced by 100 basis points (to 18.00%) in

September 2021, at which time the Central Bank also removed its commitment to keep its policy rate above inflation, creating increased uncertainty in the monetary policy framework in Türkiye.

On 13 October 2021, three members of the Central Bank's monetary policy committee were replaced, and the Central Bank further reduced its policy rate by a larger-than-expected 200 basis points (to 16.00%) on 21 October 2021. On 18 November 2021, the rate was reduced by a further 100 basis points to 15.00%. On 2 December 2021, during a period of depreciation of the Turkish Lira, Mr. Elvan resigned as Minister of Treasury and Finance and was replaced by Mr. Nureddin Nebati. On 16 December 2021, the Central Bank reduced its policy rate by another 100 basis points to 14.00%, following which the Turkish Lira reached a then all-time low of TL 17.4731/US$1 on 20 December 2021 given the Central Bank's accommodative stance despite high inflationary conditions. Subsequently, the Turkish government, among other things, introduced a foreign exchange-protected Turkish Lira deposit scheme in an effort to reduce the volatility in exchange rates and lower the inflation rate, as a result of which the Turkish Lira appreciated by 31.1% against the U.S. dollar (to TL 13.3290/US$1) from 20 December to 31 December 2021. In 2022, the Central Bank initially held the rate notwithstanding rapidly increasing inflation and then, contrary to the expectations of many market participants, reduced the rate to 13.00% on 18 August 2022 and again to 12.00% on 22 September 2022, both of which reductions resulted in the Turkish Lira declining to a new all-time low, and then further reduced the rate to 10.50% on 20 October 2022, 9.00% on 24 November 2022 and 8.50% on 23 February 2023. As of 31 December 2022, the exchange rate had fallen further to TL 18.6985/US$1. After the presidential elections in May 2023, a new governor of the Central Bank and a new Minister of Treasury and Finance were appointed, after which the first meeting of the Central Bank's Monetary Policy Committee increased the rate to 15.00% and then raised it again in multiple steps to 42.50% as of the date of this Prospectus; *however*, such rate remains well below the level of inflation. The Central Bank has actively employed other tools to seek to support the Turkish Lira's exchange rate even while maintaining the policy rate below the inflation rate. Any failure of the Central Bank and/or the Turkish Treasury to implement effective policies might adversely affect the Turkish economy and thus have a material adverse effect on the Group's business, financial condition and/or results of operations.

Municipal elections were held on 31 March 2019, as a result of which the AKP lost control of several major cities, including İstanbul, Ankara and Antalya; *however*, the AKP claimed election fraud in, and requested to repeat the elections in, İstanbul. On 6 May 2019, the Supreme Election Board ordered a revote for İstanbul mayor in an election to be held on 23 June 2019. In the revote, Mr. Ekrem İmamoğlu, the CHP's candidate who had been declared the winner of the 31 March 2019 elections and had been installed as mayor until the revote decision of the Supreme Election Board, increased his majority to 54.21% and he was reinstalled as mayor on 27 June 2019. In December 2022, a court convicted Mr. İmamoğlu of violating a law prohibiting insulting public officials, for which he was sentenced to over two years in prison, which sentence is currently being appealed. General and presidential elections were held on 14 May 2023, with the AKP's coalition retaining a majority of the seats in Parliament; *however*, the presidential elections went to a second round as no candidate earned a majority of the vote. The second round was held on 28 May 2023, with President Erdoğan winning a third five-year term.

In addition to domestic events, there has from time to time been political tension between Türkiye and the EU, certain members of the EU and the United States. With respect to the EU, see "-Relationship with the European Union" below. With respect to the United States, various events during recent years have impacted the relationship, including: (a) the conflicts against the self-proclaimed jihadist Islamic State ("*ISIS*") and in Syria, (b) relationships with Iran (including the purchase of oil from Iran), (c) the October 2019 U.S. federal indictment of state-controlled bank Türkiye Halk Bankası A.Ş. ("*Halkbank*") asserting violations of U.S. sanctions on Iran, (d) Türkiye's December 2017 entry into a contract with Russia for the purchase of S-400 missile defence systems as described further below and (e) Türkiye's position with respect to Russia in light of the conflict between Russia and Ukraine (particularly in light of U.S., UK and EU sanctions against Russia). Such events have resulted in a number of actions by the U.S. from time to time, including the temporary imposition of sanctions in 2018 and the temporary suspension of visa services to Turkish nationals (which suspension has ended) and delays in Türkiye's ability to obtain military hardware from the U.S. Any such events or future events might materially alter the relationship between Türkiye and the United States, particularly in the context of the Russian invasion of Ukraine in February 2022 (see "-Terrorism and Conflicts").

In December 2017, Türkiye entered into a contract with Russia for the purchase of S-400 missile defence systems, the first shipments of which were received on 12 July 2019. As a result, Türkiye was excluded from NATO's F-35 stealth fighter jet programme on 17 July 2019. On 11 December 2020, the U.S. Congress passed (on a bipartisan basis) an annual defense spending bill that included a requirement that (within 30 days from enactment) sanctions be imposed by the U.S. administration upon Türkiye in connection with Türkiye's purchase of the S-400 missile defence systems and, on 14 December 2020, the U.S. administration announced sanctions on Türkiye's Presidency of Defence Industries (the "*SSB*") and its president and other

senior officers pursuant to Section 231, widely known as CAATSA (the Countering America's Adversaries Through Sanctions Act), for Türkiye's continued possession of the Russian S-400 missile defence system. The imposed sanctions include: (a) a ban on all U.S. export licenses and authorisations to the SSB and (b) an asset freeze and visa restrictions on the SSB's president and other SSB officers. While such sanctions were less impactful than others that were available to be imposed and did not have a material impact on Turkish markets, it is uncertain if the U.S. will impose additional sanctions or other measures against Türkiye and, if imposed, how such might impact the Turkish economy and/or the relationship between Türkiye and any other NATO member.

The above-mentioned events, future elections, changes in the governance and operation of Türkiye's institutions and/or other political circumstances might: (a) result in the volatility of Turkish financial markets, have an adverse effect on investors' perception of Türkiye and its institutions, including with respect to their actual or perceived independence, and/or have an adverse effect on Türkiye's ability to support economic growth and manage domestic social conditions, (b) result in (or contribute to) a deterioration of the relationship between Türkiye and the EU, certain members of the EU, the United States, Russia and/or other countries and/or (c) have an adverse impact on the Turkish economy or Turkish institutions, any of which in turn might have a material adverse effect on the Group's business, financial condition and/or results of operations and/or on the market price of an investment in the Notes.

Terrorism and Conflicts – Türkiye and its economy are subject to external and internal unrest and the threat of terrorism

Türkiye is located in a region that has been subject to ongoing political and security concerns, including political instability and frequent incidences of violence in a number of countries in the Middle East and North Africa. In particular, the conflicts in Syria and Afghanistan and against ISIS have been the subject of significant international attention and conditions in the region remain volatile. Unrest in these countries might affect Türkiye's relationships with its neighbours, have political implications both within Türkiye and in its relationship with other countries and/or have a negative impact on the Turkish economy, including through both financial markets and the real economy. Such impacts might occur (*inter alia*) through the significant movement of refugees (including through Türkiye into the EU), a lower flow of foreign direct investment into Türkiye, capital outflows and/or increased volatility in the Turkish financial markets.

In connection with the conflicts in Syria, there have been military and civilian hostilities in both directions across the Syrian-Turkish border followed by the commencement by the Turkish military to establish a "safe zone" in northern Syria, which might have political repercussions both within Türkiye and in its relationship with the United States, Russia, Syria, Iran and/or other countries and/or have an adverse impact on the Turkish economy. See "-Political Developments" above. The on-going conflict with the Kurdistan Worker's Party (the "*PKK*") also might (*inter alia*) negatively impact the Turkish economy and/or Türkiye's relationship with the United States.

The Turkish military commenced military operations in northern Syria in October 2019. This engagement expanded, including in particular around Idlib, and resulted in many Turkish casualties and increased direct conflicts between the Turkish and Syrian militaries. Although Türkiye and Russia reached a ceasefire agreement in March 2020, a permanent diplomatic solution has not yet been reached and it is possible that this conflict might escalate further.

Russia invaded Ukraine on 24 February 2022, triggering significant geopolitical tension. As a result thereof, the United States, the UK, the EU and other jurisdictions have imposed significant and broad economic and other sanctions upon Russia, parts of Russian-controlled Ukraine and various designated entities and individuals that have contributed military and other supplies to Ukraine, which included restrictions on the import of Russian oil and transactions with the Russian central bank and a number of Russian banks. Certain countries have frozen the assets of the Russian central bank and the United States barred U.S. agents and other financial intermediaries from making payments on Russian debt payments, making it harder for Russia to repay its international debts (in June 2022, Russia defaulted on part of its foreign currency-denominated debt). Some Russian banks have been removed from the international financial messaging system SWIFT and several international companies have disposed of, liquidated, suspended or otherwise limited their businesses in Russia. This has already had, and likely will continue to have, a material impact on: (a) global economic and market conditions, including increasing inflation (particularly for food, energy and shipping costs), contributing to volatility in interest and exchange rates and exacerbating already difficult global supply chain challenges (including through limitations on imports to and exports from Russia), and (b) geopolitical relationships and militarisation. According to the International Monetary Fund's January 2023 World Economic Outlook report, the war in Ukraine (including sanctions on Russia) has negatively impacted global economic growth (and the gross domestic product ("*GDP*") of Ukraine and Russia in particular) and increased global inflation. It is also possible that this war could lead to further military conflicts, particularly involving Eastern Europe, and extension or escalations in the conflict

could lead to additional sanctions being imposed on Russia, thereby leading to more economic disruption. While, as of the date of this Prospectus, the Turkish government has indicated that it seeks to maintain functioning relationships with all parties to the extent not directly impacting Türkiye's territory, there can be no certainty as to how events might develop and their impact on Türkiye, including due to Türkiye's complex relationship with Russia and Türkiye's membership in NATO (including its ability to veto new NATO applicants, such as Sweden).

In 2022, Türkiye received 5.2 million and 0.7 million tourists from Russia and Ukraine, respectively, representing 13.3% of all international tourists during the year. The total exports to these two countries were US$12.4 billion in 2022 whereas imports were US$63.3 billion, representing 4.9% and 17.4% of Türkiye's exports and imports, respectively, during the year. Any negative impacts on these results relating to the war in Ukraine might have a significant adverse effect on the Turkish economy, including the balance of payments and inflation. In addition, as Türkiye is a net energy importer, higher global oil and natural gas prices might result in higher energy costs for consumers and companies (in March 2022, Brent crude oil prices increased to the highest level since 2008, which prices then declined but might increase further, including as a result of the conflict in Ukraine and related sanctions, particularly if Russian energy supplies become subjected to additional sanctions and/or Russia continues to reduce or stops its supply of energy to Europe). These increases in the current account deficit, particularly when combined with monetary tightening in developed economies, might contribute to the depreciation pressure on the Turkish Lira, which might result in even higher inflation in Türkiye.

In October 2023, Hamas carried out attacks in Israel, initiating a broader conflict between Israel and Hamas in and around Gaza. This conflict has impacted civilian areas of Gaza, leading to a potential refugee and humanitarian crisis in the region. The impact of this conflict, including whether other actors (such as Iran and Hezbollah) might participate directly, potentially then resulting in direct involvement by the United States, Egypt and/or other nations, is uncertain; *however*, this instability has impacted investors' confidence in the Middle East, which might negatively impact Türkiye and/or Turkish issuers.

The above (or similar) circumstances have had and might continue to have a material adverse effect on the Turkish economy and thus on the Group's business, financial condition and/or results of operations, whether as a result of: (a) direct impacts on the Turkish economy (such as a result of any disruption to energy flows from Russia or reductions in tourism, whether as a result of sanctions or otherwise) or indirect impacts (such as from increasing global inflation, volatility in energy and commodity prices, disruptions to supply chains and related impacts on global growth, increased funding costs, decreased liquidity and/or decreased access to wholesale funding markets) and/or (b) any deterioration in the relationship between Türkiye and the United States, Russia and/or other countries.

Relationship with the European Union – Uncertainties relating to Türkiye's relationship with the European Union might adversely affect the Turkish financial markets and result in greater volatility

Türkiye has had a long-term relationship with the EU, including as a candidate country for EU membership since the Helsinki European Council of December 1999. The EU resolved on 17 December 2004 to commence accession negotiations with Türkiye and affirmed that Türkiye's candidacy to join the EU was to be judged by the same 28 criteria (or "Chapters") applied to other candidates. These criteria require a range of political, legislative and economic reforms to be implemented.

Although Türkiye has implemented various of these reforms and has continued harmonisation efforts with the EU, the relationship between the EU and Türkiye has at times been strained, including due to the passage of Syrian and other refugees through Türkiye into the EU. The Parliamentary Assembly of the Council of Europe voted on 25 April 2017 to restart monitoring Türkiye in connection with human rights, the rule of law and the state of democracy and officials of the EU and certain of its member states have since made various references about the suspension of negotiations for Türkiye's potential membership in the EU. On 15 July 2019, the EU adopted certain measures against Türkiye over Türkiye's drilling for gas in waters off Cyprus, including reducing certain funding (including loans via the European Investment Bank) and the suspension of high level communications and of the negotiations for a comprehensive air transport agreement. On 11 November 2019, the EU adopted a framework for imposing sanctions on individuals or entities responsible for, or involved in, these drilling activities and, in February 2020, instituted sanctions against two executives of the Turkish drilling company. Tensions have also risen between Greece and Türkiye relating to disputed claims over Mediterranean waters, particularly in areas around Cyprus in which significant hydrocarbon reserves have been discovered. In October 2020, both France and Greece asked the EU to consider suspending the bloc's customs union agreement with Türkiye and, on 26 November 2020, the European Parliament passed a non-binding resolution calling for sanctions on Türkiye. Any decision by the EU to abolish or limit the customs union with Türkiye, end Türkiye's EU accession bid or impose additional sanctions on Türkiye might result in (or

contribute to) a deterioration of the relationship between Türkiye and the EU and have material negative impacts on Türkiye's economy.

These circumstances might result in (or contribute to) a deterioration of the relationship between Türkiye and the EU and/or certain of its member states. There can be no assurance that the EU or Türkiye will continue to maintain an open approach to Türkiye's EU membership or that Türkiye will be able to meet all the criteria applicable to becoming an EU member state. In the event of a loss of market confidence as a result of deterioration, suspension or termination in Türkiye's EU accession discussions or any other international relations between Türkiye and the EU (or any of its member states), the Turkish economy might be adversely affected, which might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Economic Conditions

As a large national bank in Türkiye, the Group's business, financial condition and results of operations are significantly dependent upon the economic conditions in Türkiye. In addition to domestic influences on the strength of Türkiye's economy, Türkiye's economy has been and will continue to be significantly impacted by a number of external factors, including (*inter alia*) the economic conditions of Türkiye's primary trading partners, external fund flows, international trade, interest rate and other actions by the U.S. Federal Reserve and the ECB, geopolitical tensions and fiscal, regulatory and other actions by other governments. These and other factors might have a material adverse impact on international financial markets and/or economic conditions, which, in turn, might result in a material adverse effect on the Turkish economy and thereby might have a material adverse effect on the Group's business, financial condition and/or results of operations. In addition, these factors might disrupt payment systems, money markets, long-term and short-term fixed income markets, foreign exchange markets, commodities markets and equity markets, including adversely affecting the cost and availability of funding for the Group.

In recent years, Türkiye's GDP growth rates have been volatile. In the first three months of 2020, GDP increased by 4.3% compared to the same period of the previous year; *however*, GDP sharply decreased by 10.4% in the second quarter of the year driven by the impact of the COVID-19 pandemic. GDP then returned to strong growth in the third and fourth quarters of 2020, which growth was supported by an increase in investments and household consumption benefitting from accommodative monetary policy and high credit growth. As a result, and notwithstanding the pandemic's continuing impact both on Türkiye and globally resulting from the precautions (such as curfews, travel restrictions, factory closures and restrictions on public gatherings) taken to minimise the transmission of COVID-19, GDP increased by 1.9% during 2020. During 2021, GDP increased by 11.4%, which growth was supported by the recovery in global economic activity, moderate credit expansion and a favourable base effect, whereas growth during 2022 was 5.5%, due primarily to strong consumption and the contribution of the services and finance sectors. It should be noted that these GDP results are in inflation-adjusted Turkish Lira terms and, as the exchange rate of the Turkish Lira against the U.S. dollar varies (in some years, significantly), these reported changes in GDP would have been different (in some years, significantly) were they determined in U.S. dollar terms. The pre-election easing of credit conditions and further expansionary fiscal policies might have temporarily boosted economic activity in the first half of 2023, with some downward adjustments occurring thereafter. Growth might have been (or be) weak in the last quarter of 2023 and again in 2024, which might have a material adverse effect on the Group's business, results of operations and financial condition, including through a deterioration in the asset quality of the Group's growing loan portfolio and/or the increasing formation of NPLs.

On 6 February 2023, Türkiye was hit by severe earthquakes in Kahramanmaraş, causing destruction in 11 provinces. Due to the disaster, a state of emergency was declared in 10 of these provinces for three months. In addition to the significant loss of life and damage to infrastructure, the Borsa İstanbul suspended trading of stocks and derivatives for five trading days. The Bank's branches, employees and customers located in the areas directly impacted by the earthquakes have suffered material disruptions. As of the date of this Prospectus, the full impact on Türkiye's economy is uncertain but is expected to be substantial and material, with (as of the date of this Prospectus) forecasts being for over US$100 billion in damages (over 11% of 2022's GDP). In turn, the extent of the impact on the Group's business, financial condition and results of operations remains uncertain; *however*, there will be related costs due to the Group's support of its customers and staff in the region (including the postponement of certain debt payments) and potentially lower income and higher NPLs in the impacted regions.

Government actions to stimulate the Turkish economy might increase the government debt and budget deficit levels, which might in turn contribute adversely to the country's economic stability. The debt of the Turkish government and corporates, both of which significantly rely directly or indirectly upon financing from international creditors, has been increasing whereas the Central Bank's net foreign exchange reserves have recently experienced periods of decline (including

being negative when swaps are excluded) to levels that might require the Turkish government and corporate borrowers to be dependent upon continued access to external funding in order to refinance upcoming debt payments.

The Group's banking and other businesses are significantly dependent upon its counterparties' ability to make payments on their loans and meet their other obligations to the Group. If the Turkish economy suffers because of any of the factors described above or any other reason, then this might increase the number of the Group's Turkish counterparties who are not able to repay loans when due or meet their other obligations to the Group or who seek to restructure their loans, which would increase the Group's past due loan portfolio, require the Group to reserve additional provisions and/or reduce its net profit/(loss) and capital levels. In addition, volatility in the international or Turkish financial markets and/or economy and/or any tightening in credit conditions might result in decreased demand for the Group's products and services, increased borrowing costs (including due to increased competition for deposits) and reduced, or no, access to capital markets. The occurrence of any or all of the above might have a material adverse effect on the Group's business, financial condition and/or results of operations, including a decline in its net interest income and/or decreases in the Group's fee and commission income.

The economic conditions that the Issuer's management has identified as having a material impact on the Issuer, and thus potentially on its ability to make payments due in respect of the Notes, are set out in this sub-category.

Turkish Economy – The Turkish economy is subject to significant macroeconomic risks

Since the early 1980s, the Turkish economy has undergone a transformation from a highly protected and regulated system to a more open market system. Although the Turkish economy has generally responded positively to this transformation, it has experienced severe macroeconomic imbalances, including significant current account deficits, high rates of interest, significant currency volatility and persistent unemployment. In addition, the Turkish economy remains vulnerable to both external and internal shocks, including volatility in oil prices, changing investor opinion, outbreaks of disease (*e.g.*, SARS and the COVID-19 coronavirus) and natural events such as earthquakes (including the powerful earthquakes in southern Türkiye in February 2023, which resulted in over 48,000 fatalities and will require significant government expenditure for the recovery efforts). For example, the impact of the COVID-19 coronavirus on the global economy (including precautions taken to minimise transmission, including travel restrictions, the closure of factories and restrictions on public gatherings) has increased risks to global growth and financial markets. Global macroeconomic and geopolitical uncertainties, slowdown in capital flows to emerging markets and an increasingly protectionist approach to global foreign trade also continue to negatively affect the Turkish economy.

Domestic macroeconomic factors, including the current account deficit, high levels of inflation (see "-Inflation" below) and interest rate and currency volatility, remain of concern, particularly in light of the further depreciation of the Turkish Lira. These conditions have had, and likely will continue to have, a material adverse effect on the Group's business, financial condition and/or results of operations, including as a result of their impact on the Group's customers and other counterparties. The Turkish government has sought to improve economic growth and, in September 2023, the Turkish Treasury published a three-year medium-term economic programme (referred to as the "Medium Term Programme") under which GDP growth was anticipated to be 4.4% in 2023 and 4.0% in 2024; *however*, consumer inflation (at 65.0%, 33.0% and 15.2% in 2023, 2024 and 2025, respectively) is anticipated to remain well above the Central Bank's inflation target of 5.0% throughout the programme period.

In particular, the general macroeconomic conditions in Türkiye might have a material adverse effect on the Group's retail and SME customers, both as borrowers and providers of deposits. For example, should the unemployment rate increase, the ability of the Group's retail customers to meet their payment obligations and/or deposit funds with the Bank might be reduced. Similarly, reduced demand for goods and services caused by a slowdown in the Turkish economy might significantly impact SMEs. Additionally, the significant inflation since 2021 might decrease the ability of retail and other customers to pay their debts and/or contribute to economic growth, and their demand for loans and other banking services might decline. Any material adverse effect on the Group's retail and SME customers resulting from macroeconomic conditions might impair the Group's business strategies and have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Turkish government has focused on certain strategically defined sectors, including energy, mining, petrochemical, pharmacy, tourism, automotive and information, including using Türkiye's sovereign wealth fund to support investments in these strategic sectors. In March 2021, the Turkish government announced "The Economic Reform Package" aiming to strengthen fiscal discipline and financial stability. The reforms in the package include supporting SMEs with tax reductions,

decreasing foreign currency borrowing in order to reduce the sensitivity of the country's debt stock to external shocks and supporting exports and the green transformation of industrial companies in order to narrow the current account deficit. The package also aims to support employment, encourage transparent and accountable institutionalised governance, promote private sector investments and increase competitiveness in domestic markets. There can be no assurance that these targets will be reached or that the Turkish government will implement its current and proposed economic and fiscal policies successfully, including the Central Bank's efforts to curtail inflation and simplify monetary policy.

Since February 2001, the Central Bank has applied a floating exchange rate policy. Exchange rates for the Turkish Lira have historically been, and continue to be, highly volatile and recent events have further contributed to significant fluctuations in the value of the Turkish Lira and various governmental policies to respond to currency volatility and the resulting economic conditions. In recent years, there have been a number of periods of sharp depreciation and some recovery in the value of the Turkish Lira (*e.g.*, using annual average rates, the Turkish Lira depreciated against the U.S. dollar by 23.8% in 2020, 26.6% in 2021, 86.1% in 2022 and 44.0% in 2023, with significant volatility driven in part by changes in Central Bank policy and regulatory changes, including the maintenance by the Central Bank of a policy rate below the rate of inflation). The Central Bank has from time to time used its interest rate policy, reserve requirements and other tools to try to lower inflationary pressures arising from exchange rate volatility, including some fairly large hikes in interest rates in 2018 (which were then followed by large decreases in 2019 and early 2020 as inflation moderated and then, notwithstanding the disinflationary impact of COVID-19 pandemic-related shutdowns, significant increases starting in August 2020 to address a significant depreciation in the value of the Turkish Lira; *however*, contrary to the expectations of some market participants, the Central Bank reduced its policy rate by 100 basis points in September 2021 and then, after three members of the Central Bank's monetary policy committee were replaced on 13 October 2021, further reduced the policy rate by a larger-than-expected 200 basis points (to 16.00%) on 21 October 2021, another 100 basis points (to 15.00%) on 18 November 2021 and another 100 basis points (to 14.00%) on 16 December 2021), following which the Turkish Lira reached a then all-time low of TL 17.4731/US$1 on 20 December 2021 given the Central Bank's accommodative stance despite high inflationary conditions. Subsequently, the Turkish government, among other things, introduced a foreign exchange-protected Turkish Lira deposit scheme in an effort to reduce the volatility in exchange rates and lower the inflation rate, resulting in some improvement in exchange rates. The scheme was announced in respect of retail depositors on 20 December 2021 and subsequently expanded to include corporate foreign currency accounts and gold deposit accounts in January 2022 and non-resident Turkish nationals in February 2022. In 2022, the Central Bank initially held its policy rate notwithstanding rapidly increasing inflation and then, contrary to the expectations of many market participants, reduced the rate to 13.00% on 18 August 2022 and again to 12.00% on 22 September 2022, both of which reductions resulted in the Turkish Lira declining to a new all-time low, and then further reduced its policy rate to 10.50% on 20 October 2022, 9.00% on 24 November 2022 and 8.50% on 23 February 2023. After the presidential elections in May 2023, the Central Bank increased the rate to 15.00% and then raised it again in multiple steps to 42.50% as of the date of this Prospectus; *however*, such rate remains well below the level of inflation. The impact of these circumstances, including changes in the exchange rates of the Turkish Lira, might have a material adverse effect on the Group, including through borrower defaults, increased NPLs, reduced loan volumes and reduced earnings, the revaluation of assets and liabilities (including increases in the Turkish Lira-equivalent value of the Group's obligations in other currencies), a decline in capital and/or rapid changes in the economic and legal environment. For example, the Group's and the Bank's capital adequacy ratios have been materially impacted by the recent depreciation of the Turkish Lira, with (as of 30 September 2023) every TL 0.1 decrease in the value of the Turkish Lira when compared to the U.S. dollar resulting in about a six basis point negative impact on the Group's and the Bank's total capital adequacy ratios. As of 30 September 2023, this impact has resulted in such ratios declining slightly.

As described elsewhere, the BRSA announced rules allowing banks to: (a) use the Central Bank's foreign exchange buying rates as of 26 June 2023 starting from 1 January 2024 (replacing earlier rules allowing the use of the Central Bank's foreign exchange buying rates as of 31 December 2021 and then 30 December 2022) and (b) when making capital calculations, avoid the inclusion of mark-to-market losses on securities booked in the "financial assets at fair value through other comprehensive income" portfolio. If the Group and the Bank had not elected to use such calculations, their capital adequacy ratios would have been lower as of 31 December 2021 by 209 and 211 basis points, respectively, as of 31 December 2022 by 128 and 129 basis points, respectively, and as of 30 September 2023 by 174 and 177 basis points, respectively. As also described elsewhere, the BRSA has implemented regulatory forbearance measures that allow banks to use 0% risk weightings for foreign currency-denominated receivables owed by the centralised administration (*i.e.*, Turkish state institutions and other public institutions that do not have a separate legal entity and act under the legal entity of the Turkish sovereign) while calculating the amount of exposure subject to credit risk in accordance with the standardised approach as determined under the Capital Adequacy Regulation, without which the capital adequacy ratios of the Group and the Bank would have been lower as of 31 December 2021 by 423 and 445 basis points, respectively, as of 31 December 2022 by 300 and 316 basis points,

respectively, and as of 30 September 2023 by 306 and 321 basis points, respectively. Collectively, these accommodations have had a material positive impact on the capital adequacy ratios of the Group and the Bank and, if such were to be discontinued or limited, the Group's and/or the Bank's capital adequacy ratios would likely decline.

Any further significant depreciation of the Turkish Lira against the U.S. dollar or other major currencies, or any actions taken by the Central Bank or other Turkish authorities to protect the value of the Turkish Lira (such as increased interest rates or other policy actions by the Central Bank), might adversely affect the financial condition of Türkiye as a whole, including its inflation rate and/or the ability of the Central Bank to implement its policy goals, and might have a material negative effect on the Group's business, financial condition and/or results of operations. There have been recent periods of decline in the Central Bank's net foreign exchange reserves (including being negative when swaps are excluded), which level of reserves could potentially impact the Central Bank's policies, such as imposing limits on foreign exchange liquidity in Türkiye.

Any monetary policy tightening of the U.S. Federal Reserve and/or the ECB, disruptions in global credit markets or any other increase in market interest rates, particularly if it is more accelerated than expected, might have an adverse impact on Türkiye, including on Türkiye's external financing needs, and might reduce the availability of and/or increase the cost of funding to the Turkish banking sector. A reduction of external financing might increase the volatility of exchange rates, which might negatively impact macroeconomic conditions, and result in higher costs of funding.

Should Türkiye's economy experience macroeconomic imbalances or otherwise be unsuccessful, it might have a material adverse impact on the Group's business, financial condition and/or results of operations.

Current Account Deficit – An increase in Türkiye's current account deficit might result in governmental efforts to decrease economic activity

Türkiye's current account deficit has long created a significant risk for the Turkish economy, including contributing to the country's need for external funding to support its balance-of-payment position. Due to ongoing weakness in economic activity, Türkiye's current account balance in 2019 showed a surplus of US$10.8 billion (1.4% of GDP) according to the Central Bank, which was the first surplus since 2002, but then reverted to a deficit of US$31.9 billion (4.4% of GDP) in 2020, which deficit was primarily due to a decrease in exports to Europe and significantly lower tourism revenues arising from the shutdowns for the COVID-19 pandemic (*e.g.*, Türkiye's net tourism revenue fell by 59.3% in 2020 compared with 2019). During 2021, reflecting the recovery in global activity, the easing of lockdown measures and significant global policy stimulus, Türkiye's current account deficit declined to US$7.2 billion (0.9% of GDP) as a result of increased exports, a moderation in imports (especially gold) and increased tourism revenues. During 2022, and despite an increase in export and tourism revenues, Türkiye's current account deficit increased to US$49.1 billion (5.4% of GDP) due largely to the increase in energy prices (including resulting from the Russian invasion of Ukraine), high commodity prices, continuing imports of gold and robust demand as a result of increasing consumption. Through October 2023, the current account deficit was US$50.7 billion, primarily reflecting the higher costs of imported goods. Various events and circumstances, including (*inter alia*) a sustained rise in energy prices, a decline in Türkiye's foreign trade and tourism revenues (including due to the impact of the conflict between Russia and Ukraine and tighter monetary policies in certain economies), political risks, the increased demand resulting from rebuilding after the February 2023 earthquakes and changes to Türkiye's macroeconomic policy (such as with respect to domestic interest rates), might result in an increase in the current account deficit. The current account deficit is a principal concern for Turkish policy makers as it increases Türkiye's vulnerability to changes in global macroeconomic conditions, and the Turkish government might take policy actions to reduce the current account deficit, including policies that might have a material negative impact on domestic growth and consumption. Any negative impact on economic growth or the introduction of policies that curtail the economy's activity might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Although Türkiye's economic growth depends to some extent upon domestic demand, Türkiye's economy is also dependent upon trade, in particular with Europe. The EU remains Türkiye's largest export market. A significant decline in the economic growth of any of Türkiye's major trading partners, such as due to decreased global demand as a result of tightening monetary policies, might have an adverse impact on Türkiye's balance of trade and adversely affect Türkiye's economic growth (for example, Türkiye's balance of trade has been negatively impacted by the deceleration in the increase of exports in late 2022 and 2023 due to the weakening in global demand caused, in part, by policy rate hikes in certain economies). Diplomatic or political tensions between Türkiye and the EU (or any of its member states) or other countries might impact trade or demand for imports and exports. A decline in demand for imports into the EU or Türkiye's other trading partners might have a material adverse effect on Turkish exports and thus on Türkiye's economic growth and thereby result in an increase in Türkiye's current

account deficit. To a lesser extent, Türkiye also exports to markets in Russia and the Middle East, and the continuing political and/or economic turmoil in certain of those markets might lead to a decline in demand for such exports, with a similar negative effect on Turkish economic growth and Türkiye's current account deficit. In addition, tourism remains particularly important for Türkiye, both due to direct economic impacts as well as the importance of foreign exchange inflows given Türkiye's current account deficit and low foreign currency reserves.

If the value of the Turkish Lira relative to the U.S. dollar and other relevant trading currencies declines, then the cost of importing oil, gas and other goods and services might increase, resulting in potential increases in Türkiye's current account deficit if such impact outweighs any related benefits to the competitive cost of Türkiye's exports. As an increase in the current account deficit might erode financial stability in Türkiye, the Central Bank takes (and has taken) certain actions to manage price and financial stability, which actions (including changes to interest rates and reserve requirements) might materially adversely affect the Group's business, financial condition and/or results of operations.

Türkiye is an energy import-dependent country and recorded US$80.1 billion of net energy imports in 2022, an increase from US$42.2 billion of net energy imports in 2021, itself an increase from US$24.2 billion of net energy imports in 2020. Although the government has been heavily promoting new domestic energy projects, and promising new fields have been identified in the Black Sea, these have not yet significantly decreased the need for imported energy and thus any geopolitical development concerning energy security might have a material impact on Türkiye's current account balance. Volatile oil and natural gas prices (including as a result of agreements among the members of the Organisation of the Petroleum Exporting Countries (OPEC) and/or other oil-exporting nations to cut output or any geopolitical development concerning energy security and prices, such as Russia's invasion of Ukraine, the United States' withdrawal from the Joint Comprehensive Plan of Action and re-imposing previously suspended secondary sanctions on Iran or the current tensions in the Middle East as a result of the conflict in Israel), together with the Turkish Lira's depreciation against the U.S. dollar (in which most of Türkiye's energy imports are priced), might have a negative impact on Türkiye's current account deficit.

If the current account deficit widens, then it might have an adverse effect on the performance of the Turkish economy and/or financial stability in Türkiye might deteriorate. In addition, financing a current account deficit might be difficult in the event of a global liquidity or banking crisis and/or declining interest or confidence of foreign investors in Türkiye, and a failure to reduce the current account deficit might have a negative impact on Türkiye's sovereign credit ratings. Any such difficulties might lead the Turkish government to seek to raise additional revenue to finance the current account deficit, reduce domestic demand and/or stabilise the Turkish financial system, any of which might materially adversely affect the Group's business, financial condition and/or results of operations.

Inflation – Türkiye's economy is subject to significant inflationary pressures

The Turkish economy has been subject to significant increases in inflation in recent years, which might continue (including at elevated levels). In 2020, the annual consumer price index ("*CPI*") inflation rate was 14.60% and domestic producer price inflation was 25.15%, reflecting primarily an increase in food, energy and commodity prices (including due to the depreciation of the Turkish Lira). In 2021, the CPI inflation rate rose to 36.08%, reflecting primarily an increase in the prices of food, energy, consumer durables and transportation, which increases resulted from the depreciation of the Turkish Lira, the impact of disruptions in supply chains, the rise in government-administered prices and the reopening of the Turkish economy from COVID-19-related restrictions. In 2022, the CPI inflation rate was 64.27% and the domestic producer price inflation rate was 97.72%, reflecting significant increases in the prices of food, energy and imported products. Following a decline in the first half of 2023 as a result of a favourable base effect, annual inflation regained momentum starting from June 2023, being 64.77% and 44.22%, respectively, for 2023 (it should be noted that this is the official inflation rate whereas other analysts have published different rates, in some cases significantly higher than the official rates), reflecting significant increases in the prices of food, energy and imported products as well as recent increases in interest rates as well as VAT and other consumption taxes. On 2 November 2023, the Central Bank published an inflation report indicating an inflation forecast of 65.0%, 36.0% and 14.0% in 2023, 2024 and 2025, respectively. As of the date of this Prospectus, the Bank's management expects inflation to remain high in the first half of 2024 due to potential increases in administered prices and cost push factors (where sellers pass along increasing costs to their customers).

High inflation rates have distorted and might continue to distort the Group's results of operations, with nominal growth rates of the balance sheet and profitability in the Group's BRSA Financial Statements significantly exceeding the rates as measured on a constant-currency basis. As noted in "Presentation of Financial and Other Information," as Türkiye's cumulative inflation has exceeded 100% over the past three years, the criteria of IAS 29 (Financial Reporting in Hyperinflationary

Economies) for inflation-adjusted accounting have been satisfied and IFRS financial statements starting with those as of and for the six months ended 30 June 2022 are required to apply inflation accounting, which not only complicates comparisons with past periods but might materially impact the Group's and/or the Bank's reported financial results under IFRS. With respect to TFRS, TAS 29 recommends that all entities that report in the currency of the same hyperinflationary economy apply this standard from the same date. As such, as indicated in TAS 29, in order to ensure application compatibility within Türkiye, all reporting entities are expected to start to use TAS 29 at the same time following an announcement to do so by the POA.

On 23 November 2023, the POA published an announcement requiring entities that apply TFRS to present their financial statements by adjusting for the impact of inflation for the annual period ending on or after 31 December 2023 in accordance with the principles set out in TAS 29; *however*, this announcement (notwithstanding the last sentence of the preceding paragraph) also provided that institutions authorised to regulate and supervise Turkish companies (*e.g.*, the BRSA) may determine a different transition date and, on 12 December 2023, the BRSA announced that such shall not apply for banks for BRSA Financial Statements as of and for the year ended 31 December 2023 (as of the date of this Prospectus, no statement has yet been made with respect to later accounting periods). Should such criteria be imposed in the future, such change in accounting practices would make the BRSA Financial Statements published at that time not comparable to those incorporated by reference herein and might materially impact the Group's and/or the Bank's reported financial results. Nonetheless, as of and from 31 December 2023, deferred tax will be calculated and reflected in a bank's BRSA Financial Statements on the value differences that would have occurred had inflation adjustment been applied to non-monetary assets and liabilities as determined in accordance with the provisions of the tax procedures law; *however*, pursuant to Turkish law, such value difference made in the 2023, 2024 and 2025 accounting periods will not be taken into account in determining taxable earnings. As noted in "Presentation of Financial and Other Information," the Bank intends to make a provision to offset the impact of such deferred tax income on the financial statements, which might result in the independent auditor's report included in each of the Group's and the Bank's BRSA Financial Statements as of and for the year ended 31 December 2023 (and potentially thereafter) to include a qualification.

Significant global price increases in major commodities such as oil, cotton, corn and wheat would be likely to increase inflation pressures in Türkiye. Such inflation, particularly if combined with further depreciation of the Turkish Lira, might result in Türkiye's inflation exceeding the Central Bank's inflation target, which might cause the Central Bank to tighten its monetary policy. Inflation-related measures that might be taken by the Central Bank and/or other Turkish authorities might have an adverse effect on the Turkish economy. If the level of inflation in Türkiye were to continue to fluctuate or increase significantly, then this might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Potential Overdevelopment – Certain sectors of the Turkish economy might have been or become overdeveloped, which might result in a negative impact on the Turkish economy

Certain sectors of the Turkish economy might have been (or might become) overdeveloped, including in particular the construction of luxury residences, shopping centres, office buildings, travel and tourism facilities and other real estate-related projects and various renewable energy-related projects. For example, significant growth in the number of hotels occurred over recent years in anticipation of a continuing growth in international tourism, whereas in fact tourism declined very significantly due to the COVID-19 pandemic, including the related travel restrictions, and can be significantly impacted by geopolitical conditions). Any such overdevelopment might lead to a rapid decline in prices of these and other properties or the failure of some of these projects, which might then lead to a deterioration of the asset quality of Turkish banks and, in case of any restructuring with any borrowers resulting in more favourable terms to borrowers, might lead to a decrease in income for Turkish banks. Even if this does not occur, the pace of development of such projects might decline in coming years as developers and project sponsors seek to reduce their risk, which might negatively affect the growth of the Turkish economy. Should any of such events occur, then this might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Turkish Regulatory and Other Matters

While political and economic conditions in Türkiye tend to have the most significant impact on the Group's business, financial condition and results of operations, various other Türkiye-related matters are also important. These matters, the most material of which is the Turkish regulatory environment, that the Issuer's management has identified as having a material impact on the Issuer, and thus potentially on its ability to make payments due in respect of the Notes, are set out in this sub-category.

Banking Regulatory Matters – The activities of the Group are highly regulated and changes to applicable laws, the interpretation or enforcement of such laws and/or any failure to comply with such laws might have a material adverse impact on the Group's business, financial condition and/or results of operations

The Group is subject to a number of banking, consumer protection, competition/antitrust and other laws designed to maintain the safety and financial stability of banks, ensure their compliance with economic and other obligations and limit their exposure to risk. These laws have been subject to frequent change in recent years for a combination of prudential, economic and political considerations and there can be no assurance that such laws will necessarily achieve their objectives or enhance financial stability. These laws include Turkish laws (in particular those of the BRSA) as well as the laws of other countries in which the Group conducts business. These laws, which can increase the cost of doing business and limit the Group's activities, include (*inter alia*):

(a) the Equity Regulation and the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks published in the Official Gazette No. 29511 dated 23 October 2015 (the "*Capital Adequacy Regulation*"); the Equity Regulation introduced: (i) core tier 1 capital and additional tier 1 capital as components of tier 1 capital and (ii) new tier 2 rules and determined new criteria for debt instruments to be included in a bank's tier 2 capital, whereas the Capital Adequacy Regulation requires a minimum core capital adequacy ratio (4.5%) and a minimum tier 1 capital adequacy ratio (6.0%) to be calculated on a consolidated and non-consolidated basis (which are in addition to the previously existing requirement for a minimum total capital adequacy ratio of 8.0%) and changed the risk weights of certain items that are categorised under "other assets," with the BRSA amending its guidance on 24 February 2017 to allow foreign exchange-required reserves held with the Central Bank to be subject to a 0% risk weight,

(b) a regulation dated 23 February 2016 (the "*D-SIBs Regulation*") regarding systemically important banks ("*D-SIBs*"), which regulation introduced additional capital requirements for D-SIBs in line with the requirements of Basel III (as of the date of this Prospectus, the Bank has been classified as a D-SIB under the D-SIBs Regulation),

(c) the BRSA's: (i) decision dated 18 December 2015 (No. 6602) regarding the procedures for and principles on calculation, application and announcement of a countercyclical capital buffer and (ii) decision dated 24 December 2015 (No. 6619) regarding the determination of such countercyclical capital buffer (together, the "*BRSA Decisions on the Countercyclical Capital Buffer*"), pursuant to which decisions the countercyclical capital buffer for Turkish banks' (including the Bank's) exposures in Türkiye was initially set at 0% of a bank's risk-weighted assets in Türkiye (effective as of 1 January 2016); *however*, such ratio can fluctuate between 0% and 2.5% as announced from time to time by the BRSA,

(d) the Regulation on Measurement of Liquidity Coverage Ratio of Banks published in the Official Gazette No. 28948 dated 21 March 2014 (the "*Regulation on Liquidity Coverage Ratios*") in order to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30 calendar day period, according to which regulation the liquidity coverage ratios of banks is not permitted to fall below 100% on an aggregate basis and 80% on a foreign currency-only basis,

(e) the Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside (the "*Classification of Loans and Provisions Regulation*"), which entered into effect as of 1 January 2018 in order to ensure compliance with the requirements of TFRS and the Financial Sector Assessment Programme, which is a joint programme of the International Monetary Fund and the World Bank; this regulation required banks to adopt TFRS 9 principles (unless an exemption is granted by the BRSA) related to the assessment of credit risk and to account for expected credit losses in line with such principles,

(f) in early 2020, there came into force new limitations to be determined by the Central Bank on certain fees and commissions that Turkish banks may charge to customers, including limitations on fees for electronic funds transfers, and (in August 2021) the Central Bank (though increasing the fees that can be charged for ATM usage and commissions that can be collected from the use of POS systems) introduced further limits, which limitations might negatively impact the fees and commissions earned by the Group,

(g) on 10 June 2022, the Central Bank issued the Communiqué on the Maintenance of Turkish Lira Securities for Foreign Currency Liabilities (the name of which was later changed to Communiqué on the Maintenance of Securities) (as amended, the "*Communiqué on the Maintenance of Securities*") to require Turkish banks to maintain

Turkish Lira-denominated securities for their foreign currency deposit and participation funds, funds from foreign exchange-denominated repo transactions, precious metal deposit accounts, securities issued by entities (other than financial institutions) held by such banks, and Turkish Lira-denominated commercial cash loans; *provided* that the following are excluded: (i) loans provided to SMEs, tradesmen, financial institutions and/or certain governmental authorities and their subsidiaries and (ii) export and investment loans, agricultural loans, consumer loans and corporate credit cards; pursuant to this regulation, Turkish banks are required to (subject to certain calculations and exceptions): (A) use long-term Turkish Lira-denominated securities issued by the Turkish government (including lease certificates issued by Undersecretariat of Treasury Asset Leasing Company) as reserves equal to 10% of the amount of the foreign currency deposits, participation funds, funds from foreign exchange-denominated repo transactions, and precious metals accounts and 30% of the amount of such Turkish Lira-denominated commercial cash loans, and securities issued by entities (other than financial institutions) held by such banks and (B) provide a small amount of additional reserves for foreign exchange deposits and participation funds held by natural and legal persons based upon the conversation rate of such persons' foreign currency accounts to Turkish Lira accounts, and

(h) as part of the government's effort to de-dollarise the economy, on 24 June 2022 (as amended thereafter), the BRSA announced that non-financial institutions and companies that are subject to an independent audit and have foreign currency assets (which include (*inter alia*) gold, cash, deposits, securities but excluding foreign currency-denominated securities issued by Türkiye itself) of the equivalent of at least TL 10 million at the time of loan application are not permitted to receive Turkish Lira-denominated commercial cash loans (including swap transactions) from Turkish banks and financial leasing, factoring and financing companies if such foreign currency assets exceed 5% of the higher of their total assets and net sales revenue for the most recent financial year; the BRSA has, however, provided an exception for companies with such foreign currency assets of at least TL 10 million but who are not permitted to borrow foreign currency-denominated loans due to restrictions imposed by applicable laws at the time of the loan application, which companies are permitted to borrow Turkish Lira-denominated commercial cash loans in an amount up to the amount of their three month foreign currency net position deficit as declared by the company at the time of loan application and confirmed by the company's independent auditors or a certified public accountant at the end of every three-month period.

See "Turkish Regulatory Environment" for a description of the Turkish banking regulatory environment, including the implementation of Basel III in Türkiye. The BRSA conducts examinations of all banks operating in Türkiye and financial information, capital ratios, open positions, liquidity, interest rate risks and credit portfolios (*inter alia*) are followed up in detail at frequent intervals by the BRSA.

Such measures might also limit or reduce growth of the Turkish economy and, consequently, the demand for the Group's products and services. Furthermore, as a consequence of certain of these changes, the Group might be required to increase its capital reserves and/or might need to access more expensive sources of financing to meet its regulatory liquidity and capital requirements, which in turn might have an adverse impact on its level of profitability and/or net interest margin. Moreover, certain laws that require holding additional Turkish government securities might increase the Group's exposure to any adverse changes in Türkiye's sovereign debt, including credit rating and interest rate changes. New or revised laws also might increase the Group's cost of doing business and/or limit its activities, such as the Central Bank's frequent changes to monetary policy and reserve requirements. For example, the Turkish government (including the BRSA and the Central Bank) has introduced (and might introduce in the future) laws that impose limits with respect to fees and commissions charged to customers, increase the monthly minimum payments required to be paid by holders of credit cards, limiting loan yields on certain categories of loans (including potentially below the Group's cost of funds), increase reserves or require a greater percentage of deposits to be held in Turkish Lira (increasing competition for such deposits). The Group might not be able to pass on any increased costs associated with such regulatory changes to its customers, particularly given the high level of competition in the Turkish banking sector. Accordingly, the Group might not be able to sustain its level of profitability in light of these regulatory changes and the Group's profitability might be materially adversely impacted until (if ever) such changes can be incorporated into the Group's pricing (and even then such changes might affect the Group's profitability as increased pricing for customers might reduce customer demand for the Group's products and services).

Any failure by the Group to adopt adequate responses to these or future changes in the regulatory framework (whether in Türkiye or any other jurisdiction in which the Group operates) might have an adverse effect on the Group's business, financial condition and/or results of operations. In addition, non-compliance with laws might expose the Group to potential liabilities and fines and/or damage its reputation.

Emerging Markets Risk – International investors might view Türkiye negatively based upon adverse events in other emerging markets

In general, investing in the securities of issuers that have operations primarily in emerging market countries like Türkiye involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the EU or other similar jurisdictions. The market for securities issued by Turkish companies is influenced not only by economic and market conditions in Türkiye but also market conditions in other emerging market countries or in the United States and the EU. For example, developments or economic conditions in one or more other emerging market(s) have at times adversely affected the prices of securities from, and the availability of credit to, other emerging market countries as investors move their money to countries that are perceived to be more stable and economically developed. An increase in the perceived risks associated with investing in emerging economies might dampen capital flows to Türkiye and/or otherwise adversely affect the Turkish economy. As a result, investors' interest in the Notes (and thus the market price of an investment in the Notes) might be subject to fluctuations that might not necessarily be related to economic conditions in Türkiye or the financial performance of the Group. There can be no assurance that investors' interest in Türkiye in general, and the Notes in particular, will not be negatively affected by events in other emerging markets or the global economy in general.

Risks Relating to the Group and its Business

While Turkish political, economic, regulatory and other circumstances are the most material category of risks relating to the Group's business, financial condition and results of operations, matters specific to the Group also might have a material impact on the Issuer's ability to make payments due in respect of the Notes, particularly the Group's exposure with respect to the loans and other credits that it extends to borrowers and other counterparties. Such risks that the Issuer's management has identified as having a material impact on the Issuer are set out in this section. The principal sub-categories of the risks relating to the Group and its business are credit risks, market risks, funding risks, operational risks and other Group-related risks, each as set out in their corresponding section below.

Credit Risks

Counterparty Credit Risk – The Group is subject to credit risk in relation to its borrowers and other counterparties

The Group's primary business risk is the inherent risk that its borrowers and other counterparties might not be able to meet their obligations to the Group, which ability is affected by many factors. These counterparties include (*inter alios*) borrowers of loans from the Group, issuers whose securities are held by the Group, trading and hedging counterparties and customers of letters of credit provided by the Group, the Group's exposures to certain of which (particularly for loans for infrastructure and energy projects) are large. Any of these counterparties might default in their obligations to the Group due (*inter alia*) to the factors described in "-Risks Relating to Türkiye" and/or adverse changes in consumer spending, consumer confidence, unemployment levels, corporate restructurings, bankruptcy rates and/or market volatility, including due to local, national and/or global factors. Many of these factors are difficult to anticipate and are outside of the Group's control. If the Group's counterparties are unable to meet their obligations to the Group when due, then this would increase the Group's past due loan portfolio, require the Group to reserve additional provisions and reduce its net profit/(loss) and capital levels, which might have a material adverse effect on the Group's business, financial condition and/or results of operations.

For example, if the Turkish Lira were to further depreciate materially against foreign currencies (such as the 44.0% depreciation against the U.S. dollar in 2023), then it would be more difficult for the Group's customers with income primarily or entirely denominated in Turkish Lira to repay their foreign currency-denominated loans (*e.g.*, in part due to the recent significant depreciation of the Turkish Lira and declining economic growth in Türkiye, some corporate borrowers (including some large corporate borrowers) have restructured their loans; *however*, such borrowers might continue to have difficulties supporting their debt obligations, particularly if the Turkish Lira depreciates further, which might result in additional NPLs).

Compounding this risk, and notwithstanding the credit risk policies and procedures that the Group has in place, the Group might not correctly assess the creditworthiness of its credit applicants or other counterparties (or their financial conditions might change) and, as a result, the Group might suffer material credit losses. If the Group is unable to accurately model the risk associated with counterparties, then this might have a material adverse effect on the Group's business, financial condition and/or results of operations. Furthermore, should any large debtor to the Turkish financial system experience financial difficulties, as has happened in the recent past, then that might have a negative impact on the Group, including indirectly through having a negative impact on the Turkish banking sector.

The Group's financial results can be significantly affected by the amount of provisions for expected credit losses. Determining the amount of such provisions involves the use of numerous estimates and assumptions. As a result, the level of provisions and other reserves that the Group has set aside might prove insufficient and the Group might be required to create significant additional provisions and other reserves in future periods. The Group's NPL ratio changed from 4.13% as of 31 December 2020 to 2.98% as of 31 December 2021, 1.71% as of 31 December 2022 and 1.29% as of 30 September 2023 and the Stage 2 loans-to-performing loans ratio was 10.03%, 9.26%, 7.72% and 7.75%, respectively, as of such dates. The Group's provisions for loans increased to TL 5.9 billion as of 30 September 2023 from TL 5.1 billion as of 31 December 2022, itself an increase from TL 4.1 billion as of 31 December 2021, which remained unchanged from 31 December 2020. See "Turkish Regulatory Environment - Expected Credit Losses." Certain temporary rules have also been enacted for banks as a result of the February 2023 earthquakes, including limitations on requiring payment from certain borrowers in the regions impacted by the earthquakes and reductions in risk-weightings of certain loans to borrowers in such regions.

In addition to its transactions with the BNP Paribas Group, the Group has exposure to other financial institutions, some of which counterparties might become unable to satisfy their obligations to the Group. Such counterparties might become subject to resolution procedures in their home jurisdictions, such as under Directive 2014/59/EU, as amended by Directive (EU) 2019/879, for certain EU financial institutions or the United Kingdom Banking Act 2009 for certain UK financial institutions, which procedures might materially negatively impact the amount and/or timing of what the Group would receive from a financial counterparty should it be subject to resolution. The disruptions in the global banking sector in March 2023, including the announcement of the acquisition of Credit Suisse by UBS (and the losses incurred by Credit Suisse investors) and the failure of Silicon Valley Bank and Signature Bank in the United States, have highlighted the risks in the banking sector and there can be no assurance that the sector will not be subject to further strain, particularly given that (as of the date of this Prospectus) inflation rates remain high and economic activity remains muted. A banking sector crisis might have materially adverse impacts on the Group's business, financial condition and/or results of operations.

The Group's efforts to mitigate credit risk, including through diversification of its assets and requiring collateral for many of its loans, might be insufficient to protect the Group against material credit losses. For example, as described in "-Insufficient Collateral" below, if the value of the collateral securing the Group's credit portfolio is insufficient (including through a decline in its value after the original taking of such collateral), then the Group will be exposed to greater credit risk (and an increased risk of non-recovery) if related credit exposures fail to perform.

Loan Concentrations – The Group's credit portfolio has significant industry and borrower concentrations, particularly in retail and SME loans, which renders it susceptible to any deterioration in the financial condition of such industries and borrowers

Loans to and receivables from the Group's 100 largest customers as of 31 December 2020, 2021 and 2022 and 30 September 2023 represented 25.70%, 24.94%, 29.48% and 27.82%, respectively, of its total cash loans and receivables (72.30%, 76.05%, 72.38% and 73.69%, respectively, of total non-cash loans). In terms of sector concentration, the: (a) metal products, (b) construction, (c) textile and leather products and (d) motor vehicle sectors represented the largest concentrations as of 30 September 2023 (12.61%, 10.53%, 8.07% and 7.81%, respectively, of the Group's total loans and receivables).

In addition to sector concentrations, significant percentages of the Group's loan portfolio are represented by loans to retail customers (including mortgages, credit cards and consumer loans) and SMEs. While no one such loan is of significant size, retail and SME customers typically have less financial strength than corporate borrowers and negative developments in the Turkish economy might affect retail and SME customers more significantly than large corporate borrowers. A negative impact on the financial condition of the Group's retail or SME customer base might have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Turkish government announced in December 2016 that the Turkish Treasury would provide a guarantee for SME loans up to an aggregate amount of TL 250 billion under the KGF programme, which aimed to boost economic growth, support high potential companies that have difficulty accessing funding due to collateralisation constraints and help Turkish banks to grow by allowing 0% risk weight to be applied to the guaranteed portion of these loans. The available amount under this facility was increased by TL 55 billion in February 2018, TL 35 billion in May 2018 (to replace KGF-guaranteed loans that had already been repaid), TL 20 billion in January 2019 (for SMEs with 2017 annual turnover of TL 25 million or less), TL 25 billion in March 2019 (for SMEs with a yearly turnover of TL 125 million or less without any industry-specific limitations) and TL 25 billion in June 2019 (for SMEs and non-SMEs). On 30 March 2020, in order to address the economic impact of the COVID-19 pandemic, the amount available under the KGF programme was increased from TL 25 billion to TL 50 billion and the total amount of guarantees that may be given by the KGF was increased from TL 250 billion to TL 500 billion (along with increases

in the guarantee limits with respect to individual borrower groups). On 13 August 2022, the total amount of guarantees that may be given by the KGF was increased from TL 500 billion to TL 1 trillion. Additional increases have been implemented that are tailored to specific sectors. Banks are assigned certain limits to grant these loans and the amount up to 100% of such limit (for both SMEs and non-SMEs) is guaranteed by the Turkish Treasury; *however*, with respect to each such scheme, to the extent that the non-performing loans (calculated in a specific manner applicable to the KGF programme resulting in a "compensation upper-limit ratio") from the loans made under such scheme exceed 7% (8%-10% for certain sub-sectors), the relevant bank will bear the risk for the amount of such non-performing loans in excess of such level. The Bank started granting loans under the KGF programme in January 2017 and, as of 30 September 2023, such loans amounted to TL 21.8 billion, of which 92.5% was granted to guarantee corporate and commercial loans and the balance was used for SME (including micro-enterprises) loans. The total limit of the loans that may be granted by the Bank under the KGF programme is TL 0.6 billion as of the date of this Prospectus. To the extent that the "compensation upper-limit ratio" of the KGF loans of any scheme exceeds the applicable limit, the Bank would lose the advantages of the KGF programme in terms of collections and risk weights.

Although the Group has put in place policies and procedures to monitor and assess credit risk, taking into account the payment ability and cash generating ability of a borrower in extending credit, the Group might not correctly assess the creditworthiness of its credit applicants. In addition, as the Group's loan portfolio has grown substantially, the Group has extended credit to new customers, many of whom may have more limited credit histories. In particular, the Group has relatively high levels of exposure to retail customers, whose loans generally yield higher interest income but also tend to have higher levels of default than loans to corporate customers (as of 30 September 2023, 34.2% of the Group's total loans were retail loans (including micro SMEs), including mortgage, credit card and consumer loans). Although such new loans are subject to the Group's credit review and monitoring practices, they might be subject to higher credit risks compared to borrowers with whom the Group has greater experience. Furthermore, the Group's exposures to certain borrowers (particularly for loans for infrastructure and energy projects) are large and the Group is likely to continue making such large loans where such an investment is determined by the Group to be a credit-worthy transaction. Also, should any large Turkish borrower experience financial difficulties, then that might have a negative impact on the Bank, including indirectly through having a negative impact on the Turkish banking sector.

If a material volume of any loans becomes non-performing or there is a slowdown (or any perception of slowdown) in economic conditions related thereto, then this might have a material adverse effect on the asset quality of Turkish banks, including the Group. Any such restructuring might also reduce the income of Turkish banks if the debt is restructured with terms more favourable to borrowers. In addition, a downturn in any sector or specific borrower to which the Group has significant exposure might result in, among other things, a decrease of funds that such customers hold on deposit with the Bank, a default on their obligations owed to the Group and/or a need for the Group to increase its provisions in respect of such obligations, any of which might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Government Default – The Group has a significant portion of its assets invested in Turkish government obligations, making it highly dependent upon the continued credit quality of, and payment of its obligations by, the Turkish government

The Group has significant exposure to Turkish governmental and state-controlled entities, including the Central Bank. As of 30 September 2023, 100.00% of the Group's investment securities (net) (14.45% of its total assets and equal to 149.11% of its total shareholders' equity) was invested in Turkish government debt securities (100.00%, 18.28% and 198.28%, respectively, as of 31 December 2022, 100.00%, 14.69% and 207.78%, respectively, as of 31 December 2021 and 100.00%, 15.84% and 193.44%, respectively, as of 31 December 2020) (the Group did not have any material loans to Turkish government or state-controlled entities as of any of such dates). In 2023 in particular, there was a significant increase in the amount of Turkish government bonds held by the Group as a result of regulatory requirements described elsewhere herein (see, *e.g.*, "Turkish Regulatory Environment – Liquidity and Reserve Requirements"). In addition, the Group has exposure to the Turkish government through the Group's participation in financing state-sponsored infrastructure projects and the KGF-guaranteed loan programme, which might be susceptible to increased credit risk in the event of weakness in Türkiye's macroeconomic condition or deterioration of the Turkish government's creditworthiness. In early 2020, the KGF-guaranteed loan programme was expanded to include retail loans as part of the government's efforts to address the economic impact of the COVID-19 pandemic and the programme was expanded in 2021, 2022 and 2023, which might increase the credit risk of obligations payable by the Turkish government. Furthermore, the Group maintains significant amounts of reserves (including foreign currency reserves) with the Central Bank, for which it is subject to the Central Bank's ability to return such reserves, and is otherwise dependent upon the Central Bank.

Türkiye's sovereign debt ratings have been subject to various downgrades recently and might be further downgraded. For example, on 14 June 2019, Türkiye's foreign currency long-term credit rating was downgraded to "B1" (with a negative outlook) from "Ba3" (with a negative outlook) by Moody's. On 12 July 2019, Fitch downgraded Türkiye's long-term foreign currency issuer default credit rating to "BB-" (with a negative outlook) from "BB" (with a negative outlook) and long-term local currency issuer default credit rating to "BB-" (with a negative outlook) from "BB+" (with a negative outlook). On 1 November 2019, Fitch revised the outlook of Türkiye from negative to stable, following up on 12 November 2019 with a similar outlook change on certain Turkish banks (including the Bank). On 21 February 2020, Fitch affirmed Türkiye's long-term foreign currency issuer default rating at "BB-" (with a stable outlook). On 21 August 2020, Fitch revised the outlook on Türkiye's long-term foreign currency issuer default rating from stable to negative. On 11 September 2020, Moody's further reduced Türkiye's foreign currency long-term credit rating to "B2" (with a negative outlook). On 19 February 2021, Fitch revised the outlook on Türkiye's long-term foreign currency issuer default credit rating from negative to stable; *however*, the outlook was returned to negative on 2 December 2021. On 3 December 2021, Moody's affirmed Türkiye's sovereign rating at "B2" (with a negative outlook). On 11 February 2022, Fitch downgraded Türkiye's long-term foreign currency issuer default credit rating to "B+" (with a negative outlook), which was followed on 8 July 2022 by a further downgrade to "B" (with a negative outlook). On 12 August 2022, Moody's downgraded Türkiye's sovereign rating to "B3" (with a stable outlook). On 17 March 2023, Fitch affirmed Türkiye's long-term foreign currency issuer default rating at "B" (with a negative outlook). Note that references to Moody's and Fitch in this paragraph might refer to the applicable affiliate of Moody's and Fitch as defined herein.

In addition to any direct losses that the Group might incur, a default, or the perception of increased risk of default, by Turkish governmental entities in making payments on their debt or a downgrade in Türkiye's credit rating would likely have a significant negative impact on the value of the government debt held by the Group and the Turkish banking system generally and might have a material adverse effect on the Group's business, financial condition and/or results of operations. Enforcing rights against governmental entities might be subject to structural, political or practical limitations.

Insufficient Collateral – Security interests or loan guarantees provided in favour of the Group might not be sufficient to cover any losses in the event of defaults by debtors and might entail long and costly enforcement proceedings

While certain of the Group's loans are unsecured, many of the Group's loans have the benefit of collateral and/or a personal guarantee. Accepting collateral and foreclosing on security interests are subject to certain costs and formal limitations under applicable law, with enforcement against any type of collateral potentially involving a long and costly procedure under Turkish or other applicable law. For example, the Group might have difficulty foreclosing on collateral when debtors default on their loans or apply to the courts for *concordat* proceedings, which might temporarily interrupt enforcement or foreclosure proceedings. In addition, the time and costs associated with enforcing security interests might make it uneconomical for the Group to pursue such proceedings, adversely affecting the Group's ability to recover its loan losses, which might have a direct impact on the Group's financial condition and results.

Deterioration in economic conditions in Türkiye or a decline in the value of certain markets might reduce the value and/or liquidity of the collateral securing the Group's loans (and/or the ability of borrowers to post additional collateral), increasing the risk that the Group would not be able to recover the full amount of any such loans in a default. If the Group seeks to realise on any such collateral, then it might be difficult to find a buyer and/or the collateral might be sold for significantly less than its appraised or actual value.

Market Risks

The Group is subject to risks that arise from open positions in currency, interest rate and (to a lesser extent) equity products, all of which are exposed to general and specific market movements. While the Group seeks to manage its market risk exposure through a range of measures (see "Risk Management – Management of Specific Risks – Market Risk" for further information), such measures might not be successful in mitigating all market risk. The Group's exposure to market risks might lead to a material adverse effect on the Group's business, financial condition and/or results of operations. Certain of these risks are described below.

Foreign Exchange and Currency Risk – The Group is exposed to foreign currency exchange rate fluctuations, which might have a material adverse effect on the Group

As a significant portion of the Group's assets and liabilities (including off-balance sheet commitments such as letters of credit) is denominated in, or indexed to, foreign currencies (primarily U.S. dollars and euro), the Group is exposed to the effects of fluctuation in foreign currency exchange rates, which can have a material impact on its business, financial condition (including capitalisation) and/or results of operations. These risks are both systemic (*e.g.*, the impact of exchange rate volatility on the markets generally, including on the Group's borrowers) and specific to the Group (*e.g.*, due to the Group's own net currency positions). If the Turkish Lira depreciates, then (when translated into Turkish Lira) the Group would incur currency translation losses on its liabilities denominated in (or indexed to) foreign currencies (such as the Group's U.S. dollar-denominated long-term loans and other debt) and would experience currency translation gains on its assets denominated in (or indexed to) foreign currencies. Furthermore, a significant depreciation of the Turkish Lira might affect the Group's ability to attract customers on such terms or to charge rates indexed to foreign currencies. As a reference, the Turkish Lira (using annual average rates) depreciated against the U.S. dollar by 23.8% in 2020, 26.6% in 2021, 86.1% in 2022 and 44.0% in 2023. The overall effect of exchange rate movements on the Group's financial condition and results of operations depends upon the rate of depreciation or appreciation of the Turkish Lira against its principal trading and financing currencies.

The Group seeks to manage the gap between its foreign currency-denominated assets and liabilities by (among other things) matching the volumes and maturities of its foreign currency-denominated loans against its foreign currency-denominated deposits and other funding or by entering into currency hedges (with, for example, deposit costs versus hedging costs varying in a given period depending upon the Group's decision whether to compete more aggressively for deposits or utilise hedging opportunities). If the Group is unable to manage this gap, then volatility in exchange rates might have a negative effect on the value of the Group's assets and/or lead to increased expenses, which might have a material adverse effect on the Group's business, financial condition and/or results of operations. For example, in recent years, the Bank has had significant excess foreign exchange liquidity as a result of customers' preference to hold foreign exchange-denominated deposits while foreign exchange-denominated lending has been limited due to measures to limit foreign exchange lending, slower economic conditions and foreign exchange rate volatility. To support its Turkish Lira-denominated business and the high costs of Turkish Lira deposits, the Bank has utilised swap transactions to exchange excess liquidity in foreign currencies for Turkish Lira, which (although avoiding additional Turkish Lira deposit costs) has increased the Bank's swap costs (which was compounded by market volatility and higher interest rates) and thereby had a negative impact on net interest margin (for example, in 2022, such swaps had a 98 basis point negative impact on the Bank's swap-adjusted net interest margin).

In preparing its BRSA Financial Statements, transactions in currencies other than Turkish Lira are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on such balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. As a result, the Group's balance sheet and net profit/(loss) are affected by changes in the value of the Turkish Lira with respect to foreign currencies. The overall effect of exchange rate movements on the Group's balance sheet and results of operations primarily depends upon the rate of depreciation or appreciation of the Turkish Lira against its principal trading and financing currencies. For example, as a result of the depreciation (using annual average rates) of the Turkish Lira by 44.0% against the U.S. dollar in 2023, the Turkish Lira-equivalent value of the Group's foreign currency-denominated assets, liabilities and capital increased significantly in 2023.

The share of Turkish Lira-denominated assets and liabilities in the Group's balance sheet changed from 71.70% and 56.56%, respectively, as of 31 December 2020 to 57.13% and 45.06%, respectively, as of 31 December 2021, 66.73% and 62.93%, respectively, as of 31 December 2022 and 64.40% and 59.41%, respectively, as of 30 September 2023, in each case largely due to the depreciation of the Turkish Lira (foreign exchange-denominated deposits increased by 72.66%, 5.96% and 29.03%, respectively, in Turkish Lira terms in 2021 and 2022 and the first nine months of 2023 while foreign exchange-denominated loans increased by 119.35%, 20.34% and 48.76%, respectively, in Turkish Lira terms during such periods). As the depreciation of the Turkish Lira leads to an increase in the Turkish Lira-equivalent of the Group's foreign currency-denominated risk-weighted assets, this might adversely affect the Group's capital adequacy ratios absent a corresponding increase in capital or additional risk mitigation measures.

From a systemic perspective, if the Turkish Lira were to depreciate materially against the U.S. dollar or the euro (which represent a significant portion of the foreign currency debt of the Group's corporate customers), then it would be more

difficult for the Group's customers with income primarily or entirely denominated in Turkish Lira to repay their foreign currency-denominated debt (including to the Group) and this reduced repayment capacity of such customers might have a material negative impact on the Group's financial condition (including its capitalisation). A number of Turkish banks and other entities have significant amounts of debt denominated in foreign currency and thus are susceptible to this risk and certain foreign currency-denominated loans in the Turkish market have been (or are in the process of being) restructured. As of 30 September 2023, foreign currency-denominated loans (including applicable lease receivables and factoring receivables) comprised 29.06% of the Group's loan portfolio (17.04%, 28.47% and 24.92%, respectively, as of 31 December 2020, 2021 and 2022), of which 20.43% was in U.S. dollars and 72.60% was in euro.

Compounding the impact of normal market movements, any actions taken by the Central Bank or other authorities to intervene in the value of the Turkish Lira (such as via increased interest rates or capital controls) might have a material negative effect on the Group's business, financial condition and/or results of operations. The Central Bank's monetary policy is subject to a number of uncertainties, including global macroeconomic conditions, the conflict between Russia and Ukraine and political conditions in Türkiye. As global conditions have been volatile in recent years, including as a result of, among other factors, expectations regarding slower growth and low commodity and oil prices, monetary policy remains subject to uncertainty.

Interest Rate Risk – The Group might be negatively affected by volatility in interest rates

The Group's results of operations depend significantly upon the level of its net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. Net interest income is the principal source of income for the Group, contributing 46.02% of the Group's operating income for the first nine months of 2023 (104.55%, 102.63% and 80.99%, respectively, for 2020, 2021 and 2022) and the net interest margin was 3.90%, 3.21%, 10.10% and 8.81%, respectively, over the same periods. As a result, the differential between the average interest rates that the Group charges on interest-earning assets and the average interest rates that it accrues on interest-bearing liabilities, and the volume of such assets and liabilities, tend to have the most significant impact on the Bank's results of operations.

Interest rates are highly sensitive to many factors beyond the Group's control, including monetary policies pursued by the Central Bank, fiscal policies of the Turkish government and domestic and international economic and political conditions, and the Group might be unable to take actions to mitigate any adverse effects of interest rate movements. In particular, the Group might be affected by the Central Bank's policies with respect to interest rates and reserve requirements. Changes in market interest rates might affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities, thereby affecting the Group's results of operations.

For example, an increase in interest rates (such as the large increases that the Central Bank implemented in the last half of 2023 to combat high inflation and the depreciation of the Turkish Lira) might cause the interest expense on deposits (which are typically short-term and repriced frequently) to increase more significantly and/or quickly than interest income from loans (which are short-, medium- and long-term), resulting in a potential short-term reduction in net interest income and net interest margin. Moreover, an increase in interest rates might reduce demand for loans from the Bank, potentially resulting in reductions to interest income. In addition, a significant decline in average interest rates charged on loans to customers that is not fully matched by a decrease in interest rates on funding sources, or a significant increase in interest rates on funding sources that is not fully matched by a rise in interest rates charged, to the extent such exposures are not hedged, might have a material adverse effect on the Group's business, financial condition and/or results of operations; *however*, the impact will depend upon the respective repricing of loans and funding (for example, in a time of generally declining interest rates, banks generally benefit for a period as deposits reprice more quickly than loan portfolios).

Although the Group uses various instruments and measures to manage exposures to interest rate risk (see "Risk Management – Management of Specific Risks – Interest Rate Risk" and "Risk Management – Derivatives"), these instruments and measures might not protect the Group from the risks of changing interest rates. Customers might also alter their preferences for one product over another or alter their demand for loans and other credit products if interest rates change.

Reduction in Earnings on Investment Securities – The Group might be unable to sustain the level of earnings on its investment securities obtained during recent years

The Group has historically generated a portion of its interest income from its investment securities, with interest income derived from the Group's investment securities in 2020, 2021 and 2022 and the first nine months of 2023 accounting for 18.76%, 19.23%, 33.43% and 22.85%, respectively, of its total interest income and 16.02%, 16.49%, 29.68% and 19.44%,

respectively, of its gross operating income (*i.e.*, total interest income and fees and commission income before deducting interest expense and fee and commission expense). The Group also has obtained large realised gains from the sale of securities in its held to collect and sale investment securities portfolio. The CPI-linked securities in the Group's portfolio of investment securities provided high real yields compared to other government securities in each of such years, benefitting from the high inflation environment, but their impact on the Group's earnings might vary as inflation rates change.

While the contribution of income from the Group's portfolio of investment securities has been significant over recent years, such income might not be as large in coming years. As securities in its portfolio are repaid, the Group might not be able to re-invest in assets with a comparable return. As such, the Group might experience declining levels of earnings from its portfolio of investment securities. If the Group is unable to sustain its level of earnings from its portfolio of investment securities, then this might have a material adverse effect on its business, financial condition and/or results of operations.

Funding Risks

Liquidity Risk – The Group might have difficulty borrowing funds on acceptable terms, if at all

Liquidity risk comprises uncertainties in relation to the Group's ability, under adverse conditions, to access funding necessary to cover obligations to customers, meet payment obligations on time and satisfy regulatory capital requirements. It includes (*inter alia*) the risk of lack of access to funding (other than from the reserves held with the Central Bank and limits granted to the Bank by the Central Bank both in Turkish Lira and foreign currency), the risk of unexpected increases in the cost of financing and the risk of not being able to structure the maturity dates of the Group's liabilities reasonably in line with its assets (an asset-liability maturity gap). The Group's inability to meet its net funding requirements due to inadequate liquidity would likely materially adversely affect its business, financial condition and/or results of operations.

There can be no assurance that the Group will not experience liquidity issues. In the event that the Group experiences liquidity issues, its ability to access certain sources of funding at such time might be negatively impacted by factors that are not specific to its operations, such as general market conditions, disruptions of the financial markets or sovereign credit rating downgrades. For example, in the case of a global liquidity crisis, wholesale funding would likely become increasingly costly and more difficult to obtain for the Group, which might adversely affect borrowing using capital market instruments.

The Group relies primarily on short-term liabilities in the form of deposits (typically deposits with terms of 30 days or less) as its source of funding and has a mix of short-, medium- and long-term assets in the form (*inter alia*) of consumer loans and loans to corporations (including mortgages and credit cards) and investment securities, which might result in asset-liability maturity gaps and liquidity problems. In addition, depositors might withdraw their funds at a rate faster than the rate at which borrowers repay. The Group's loans-to-deposits ratio was 87.20%, 82.98%, 77.04% and 78.60%, respectively, as of 31 December 2020, 2021 and 2022 and 30 September 2023. If the Group's consumer customers become or remain unemployed or earn declining amounts, then they might save less or consume more of their money deposited with the Group, which might negatively affect the Group's access to deposit-based funding. Similarly, if the Group's corporate customers face liquidity problems, then they might draw down their deposits with the Group. An inability on the Group's part to access such funds might put the Group's liquidity at risk and lead the Group to be unable to finance its operations and growth plans adequately or within required regulatory limits.

While the Bank's principal source of funding comes from deposits, these funds are short-term by nature and thus do not enable the Bank to match fund its medium- and long-term assets. In addition, price competition for wholesale deposits has made such deposits less attractive. As a result, the Bank seeks to extend the average maturity of its liabilities in order to manage the maturity mismatch between assets and liabilities, to manage its liquidity coverage ratio requirements and to provide diversity in its funding. The Bank has raised (and likely will seek to continue to raise) longer-term funds from syndicated and bilateral loans, "future flow" transactions, bond issuances and other transactions, many of which are denominated in foreign currencies. The Group's non-deposit funding (which includes repos and money market funds, funds borrowed, subordinated loans and marketable securities issued) was equivalent to 19.37%, 18.69%, 12.33% and 15.76%, respectively, of its assets as of 31 December 2020, 2021 and 2022 and 30 September 2023. If growth in the Group's deposit portfolio does not keep pace with growth in its loan portfolio, then the Group might need to become more reliant upon non-deposit funding sources such as securities offerings, some of which might create additional risks of their own such as increased liquidity and/or interest rate gaps and exposure to volatility in international capital markets. If conditions in the international capital markets or interbank lending market, or the Group's and/or Türkiye's credit ratings, were to deteriorate, then the Group might be unable to secure funding through international sources.

As noted above, a portion of the Group's wholesale fundraising is denominated in foreign currencies. The Group's total foreign currency-denominated borrowings (*i.e.*, the sum of foreign currency-denominated funds borrowed, money market funds, marketable securities issued and subordinated debt) equalled 12.09%, 14.92%, 10.65% and 13.99%, respectively, of its assets as of 31 December 2020, 2021 and 2022 and 30 September 2023. While the Group has been successful in extending, at a relatively low cost, the maturity profile of its funding base, even during times of volatility in international markets, this might not continue in the future (including if investor confidence in Türkiye decreases as a result of political, economic or other factors). As of 30 September 2023, the Group had free foreign currency liquidity (including unencumbered foreign currency securities) amounting to US$880 million while having US$1,658 million in foreign currency-denominated external debt to be paid within one year (an additional US$26.5 million in such debt matures in later periods). Particularly in light of the historical volatility of emerging market financings, the Group might have difficulty extending and/or refinancing its existing foreign currency-denominated indebtedness, hindering its ability to avoid the interest rate risk inherent in asset-liability maturity gaps. Should these risks materialise, these circumstances might have a material adverse effect on the Group's business, financial condition and/or results of operations. These risks might increase as the Group seeks to increase medium- and long-term lending to its customers, including mortgages and project financings, the funding for much of which is likely to be made through borrowings in foreign currency (including refinancing of its foreign currency borrowings).

A rising interest rate environment (such as that developing in certain markets as a result of increasing inflation and tightening by a number of central banks globally) might compound the risk of the Group not being able to access funds at favourable rates or at all. Moreover, regulatory changes (such as the BRSA's regulation requiring Turkish banks to hold a certain percentage of Turkish Lira deposits) might increase competition among banks, resulting in increased costs of funding. These and other factors might lead creditors to form a negative view of the Group's liquidity, which might result in lower credit ratings, higher borrowing costs and/or decreased access to funds.

While the Group aims to maintain at any given time an adequate level of liquidity reserves, strains on liquidity caused by any of these factors or otherwise (including as a result of the requirement to repay any indebtedness, whether on a scheduled basis or as a result of an acceleration due to a default or other event) might adversely affect the Group's business, financial condition and/or results of operations.

Access to Capital – The Group might have difficulty raising capital on acceptable terms, if at all

By law, each of the Bank and the Group is required to maintain certain capital levels and capital adequacy ratios in connection with its business, which capital adequacy ratios depend in part upon the level of risk-weighted assets. Any continued growth in the Group's lending (both in absolute terms as well as proportionately in comparison to the Group's zero risk-weighted investment in Turkish government securities) will likely result in an increase in the Group's risk-weighted assets, which might adversely affect the Group's capital adequacy ratios absent a corresponding increase in capital.

Any changes relating to Basel III or any other capital adequacy-related revisions might impact the manner in which the Bank and/or the Group calculates its capital ratios and might impose higher capital requirements, which might in turn require the Group to raise additional capital and/or reduce its balance sheet to ensure that it has sufficient capital reserves, which might have a material adverse effect on the Group's business, financial condition and/or results of operations. Additionally, it is possible that the Group's capital levels might decline due to (*inter alia*) credit losses, loan provisions, currency fluctuations or dividend payments. The Group also might need to raise additional capital to ensure that it has sufficient capital to support growth in its assets. Should the Group wish or be required to raise additional capital, it might not be in a position to do so at all or at prices that the Group considers to be reasonable. If any or all of these risks materialise, then this might have a material adverse effect on the Group's liquidity, business, financial condition and/or results of operations.

Operational Risks

Competition in the Turkish Banking Sector – Intense competition in the Turkish banking sector might have a material adverse effect on the Group

The Group faces significant competition from other participants in the Turkish banking sector, including both state-controlled and non-governmental banks in Türkiye as well as many subsidiaries and branches of foreign banks and joint ventures between Turkish and foreign shareholders. A small number of these banks dominate the banking industry in Türkiye. As of 30 September 2023 (according to the Banks Association of Türkiye), the top 10 banking groups in Türkiye, three of which were state-controlled, held 82.5% of the Turkish banking sector's total loan portfolio in Türkiye, 81.0% of the total bank

assets in Türkiye and 86.1% of the total deposits in Türkiye (in each case, excluding participation banks and development and investment banks). The Bank's management believes that further entries into the sector by foreign competitors, either directly or in collaboration with existing Turkish banks, might increase competition in the market, particularly as foreign competitors might have greater resources and more cost-effective funding sources than the Group.

The Group faces competition from state-controlled financial institutions such as T.C. Ziraat Bankası A.Ş. ("*Ziraat*"), Türkiye Vakıflar Bankası T.A.O ("*Vakıfbank*") and Halkbank. The government-controlled financial institutions are increasingly focusing on the private sector, leading to increased competition and pressure on margins. In particular, the government-controlled institutions might have preferential access to low cost deposits (on which such institutions pay low or no interest) through "State Economic Enterprises" owned or administered by the Turkish government, which might result in a lower cost of funds that cannot be duplicated by private sector banks. Continued expansion by government-controlled financial institutions is, particularly when combined with ongoing competitive pressures from private financial institutions, expected to put downward pressure on net interest margins across the Turkish banking sector, at least in the short term.

If competitors (including increasingly new technology companies) can offer better lending rates to clients, higher interest rates on deposits or better customer experiences for services and products, then the Group might (*inter alia*) lose customers or market share, be forced to reduce its margins and/or be forced to seek more expensive sources of funding, any of which might adversely affect the Group's profitability. Increased price competition in the Turkish banking markets through the offer of products at significantly lower prices might also affect customer behaviour and loyalty. Any failure to maintain customer loyalty or to offer customers a wide range of high quality, competitive products with consistently high levels of service might have a material adverse effect on the Group's business, financial condition and/or results of operations.

In August 2021, the BRSA published the Regulation on Operation Principles of Digital Banks and Banking as a Service, which became effective on 1 January 2022 and establishes the regulatory principles for digital-only banks and banking as a service businesses. The increasing transition to digital banking, as reflected in this proposed regulation, presents the likelihood of greater competition in banking services as such digital-only platforms can be established relatively quickly due to their different infrastructure models (*e.g.*, no branches). This new generation of competitors might have lower costs, thereby allowing them to offer products and services at prices below those offered by traditional banks such as the Bank.

The Group's exposure to intense competition in each of its key areas of operation might, among other things, limit the Group's ability to increase its client base and expand its operations, reduce its asset growth rate and profit margins on services it provides and increase competition for investment opportunities. There can be no assurance that the continuation of existing levels of competition or increased competition will not have a material adverse effect on the Group's business, financial condition and/or results of operations.

Dependence upon Banking and Other Licences – Group members might be unable to maintain or secure the necessary licences for carrying on their business

Each of the Bank and, to the extent applicable, each of its subsidiaries has a current Turkish and/or other applicable licence for all of its banking and other operations. The Bank's management believes that the Bank and each of its subsidiaries is in compliance with its existing material licence and reporting obligations; nevertheless, if it is incorrect, or if any member of the Group were to suffer a loss of a licence, breach the terms of a licence or fail to obtain any further required licences, then this might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Restrictive Covenants – Restrictive covenants under the Group's agreements might adversely affect the Group's operations and a breach of any of these covenants might result in the counterparty exercising remedies against the applicable member of the Group and/or its properties

The Group is party to a range of agreements, including in respect of debt raised by the Group, which contain restrictive covenants, such as negative pledges, requirements for the maintenance of certain regulatory authorisations and requirements to refrain from certain transactions with affiliates. These restrictive covenants might adversely affect the Group's operations, such as its ability to raise funding secured by its properties. In addition, a breach of any of these covenants might result in the counterparty exercising remedies against the applicable member of the Group and/or its properties, and such breach and/or acceleration might cross-trigger to other agreements of the Group, any of which events might have a material adverse effect on the Group's business, financial condition and/or results of operations. For example, if the Bank is required to prepay a loan,

then it might need to use a significant amount of its liquidity, sell assets (potentially at a disadvantageous price) and/or reduce its business in order to satisfy this unexpected prepayment.

Estimations – Future events might be different from those reflected in the management assumptions and estimates used in the preparation of the Group's financial statements, which might result in unexpected reductions in profitability

Pursuant to accounting rules and interpretations, the Group uses certain estimates in preparing its financial statements, including in determining expected credit losses and the accounting value of certain assets and liabilities. Should the estimated values for such items prove to be materially inaccurate, including as a result of unexpected market movements or external developments (in each case, such as relating to the COVID-19 pandemic, the war in Ukraine and the February 2023 earthquakes), or if the methods by which such values were determined are revised in future accounting rules or interpretations, then the Group might experience unexpected reductions in profitability and/or such inaccuracies might otherwise have a material adverse effect on the Group's business, financial condition and/or results of operations. For example, portions of the Group's provisions for loans are determined based upon assumptions about the Turkish economy and thus (particularly if the Turkish economy underperforms such assumptions) the Group might have taken inadequate provisions for loans.

Risk Management – The Group's efforts to identify, control and manage risk might be inadequate

In the course of its business activities, the Group is exposed to a variety of risks, including (*inter alia*) credit risk, market risk, liquidity risk and operational risk (each as separately discussed in these "*Risk Factors*"). Any material deficiency in the Group's risk management or other internal control policies or procedures might expose it to significant risk, which in turn might have a material adverse effect on the Group's business, results of operations and/or financial condition. If circumstances arise that the Group has not identified or anticipated adequately, if the security of its risk management systems is compromised or if its risk policies or procedures have material deficiencies, then the Group's losses from such risks might be greater than expected, which might have a material adverse effect on the Group's reputation, business, financial condition and/or results of operations.

In addition, some of the Group's methods of managing risk consider (*inter alia*) historical data, which might not accurately predict future risk exposures. For example, if the Group's credit risk policies underestimate the negative impact of a recession on the value of Turkish real property, then loans secured by Turkish real property might be undercollateralised and result in material unexpected losses to the Group. See "Risk Management."

Operational Risk – The Group might be unable to prevent losses arising from fraud and/or operational errors or disruptions

The Group employs substantial resources to develop and operate its risk management processes and procedures; *however*, similar to other banking groups, the Group is susceptible to, among other things, fraud by employees, customers or other third parties, failure of internal processes and systems (including to detect fraud or unlawful transactions), unauthorised transactions by employees and other operational errors (including clerical or record-keeping errors and errors resulting from faulty computer or telecommunications systems). The Group's risk management and expanded control capabilities are also limited by the information tools and techniques available to the Group. The Group is also subject to service interruptions from time to time caused by third party service providers (such as telecommunications operators) or other service interruptions resulting from events such as natural disasters. Such events might result in interruptions to services to the Group's branches and/or impact customer service. In addition, given the Group's high volume of transactions, fraud or errors might be repeated or compounded before they are discovered and rectified. Furthermore, a number of banking transactions are not fully automated, which might further increase the risk that human error or employee tampering will result in losses that might be difficult for the Group to detect quickly or at all. For example, if the Group's operational risk control systems do not identify a weakness in the Group's mortgage loan application processing system, then fraud might occur that results in material unexpected losses to the Group. If the Group is unable to successfully control these or any other operational risks, then this might have a material adverse effect on the Group's reputation, business, financial condition and/or results of operations. See "Risk Management – Management of Specific Risks – Operational Risk."

Dependence upon Information Technology Systems – The Group's operations might be adversely affected by interruptions to or the improper functioning of its information technology systems

The Group's business, financial performance and ability to meet its strategic objectives (including rapid credit decisions, product rollout and growth) depend to a significant extent upon the functionality of its information technology ("*IT*") systems and its ability to increase systems capacity (for example, to support the significant increase in work-from-home demands on the Group's systems resulting from the COVID-19 pandemic). The proper functioning of the Group's internal control, risk management, credit analysis and reporting, accounting, customer service and other IT systems, as well as the communication networks between its branches and main data processing centres, are critical to the Group's business and its ability to compete. For example, the Group's ability to process credit card and other electronic transactions for its customers is an essential element of its business.

Any failure, interruption or breach in security of the Group's IT systems (including as a result of any cyberattacks, phishing, ransomware or other malicious acts) might result in failures or interruptions in the Group's risk management, general ledger, deposit servicing, loan organisation and/or other important operations. Although the Group has developed back-up systems and a fully equipped disaster recovery centre, and might continue some of its operations through the Bank's branches in case of emergency, if the Group's IT systems failed, even for a short period of time, then it might be unable to serve some or all of its customers' needs on a timely basis and thus might lose business. Likewise, a temporary shutdown of the Group's IT systems might result in costs that are required for information retrieval and verification. In addition, the Group's failure to update and develop its existing IT systems as effectively as its competitors might result in a loss of the competitive advantages that the Group believes its IT systems provide. Such failures or interruptions might occur and/or the Group might not adequately address them if they do occur. For example, if the Group's IT technicians do not identify a programming error in the software running the Group's mortgage application software, then fraud might occur that results in material unexpected losses to the Group. A disruption (even short-term) to the functionality of the Group's IT systems, delays or other problems in increasing the capacity of the Group's IT systems or increased costs associated with such systems might have a material adverse effect on the Group's business, financial condition and/or results of operations. For further information on the Group's IT system, see "The Group and its Business – Information Technology."

Money Laundering and Terrorist Financing – The Group is subject to risks associated with money laundering or terrorist financing

Although the Group (including in coordination with BNP Paribas' global standards) has adopted various policies and procedures, and has put in place systems (including internal controls, "know your customer" rules and transaction monitoring), aimed at preventing money laundering and terrorist financing, and seeks to adhere to all requirements under Turkish law and international standards aimed at preventing it from being used as a vehicle for money laundering or terrorist financing, these policies and procedures might not be completely effective. Moreover, to a certain extent, the Group must rely upon correspondent banks to maintain and properly apply their own appropriate anti-money laundering, "know your customer" and terrorist financing policies and procedures. If the Group does not comply with timely reporting requirements or other anti-money laundering or anti-terrorist financing laws and/or is associated with money laundering and/or terrorist financing, then its business, financial condition and/or results of operations might be adversely affected, including in manners that significantly exceed the actual value of the underlying transaction. In addition, involvement in such activities might carry criminal penalties or regulatory fines and sanctions (including being put on any "blacklists" that would prohibit certain parties from engaging in transactions with the Group) and might severely harm the Group's reputation, each of which might have a material effect on the Group's business, financial condition and/or results of operations.

In October 2014, the Organisation for Economic Co-operation and Development (the "*OECD*") Working Group on Bribery adopted the Phase 3 Report on Implementing the OECD Anti-Bribery Convention. In this report, the OECD Working Group expressed concerns about Türkiye's low level of anti-bribery enforcement and recommended that Türkiye improve its efforts to proactively detect, investigate and prosecute allegations of foreign bribery. The OECD Working Group also expressed concern regarding certain deficiencies in Türkiye's corporate liability legislation and enforcement against legal persons and made several recommendations to address these concerns. In addition, on 21 October 2021, the Financial Action Task Force (the "*FATF*") placed Türkiye on the so-called "grey list" of countries in need of elevated supervision of its legal framework for combatting terrorism and money laundering. The FATF cited concerns about inadequate supervision of Türkiye's banking and real estate sectors and dealers in gold and precious stones, including having undertaken insufficient prosecutorial efforts against violators (including freezing of assets). Subsequently, to reflect Türkiye's progress, the FATF re-rated the country on 30 November 2021 on some recommendations and changed the rating of four recommendations from partially compliant to

largely compliant. On 10 May 2022, the FATF re-rated the country and changed the rating of one recommendation from partially compliant to compliant and two recommendations from partially compliant to largely compliant. Most recently, on 27 October 2023, the FATF acknowledged Türkiye's progress while highlighting that, although previous deadlines have expired, Türkiye should continue to work on implementing its action plan to address one remaining strategic deficiency, specifically by confiscating assets related to terrorist financing. These concerns might negatively impact investors' willingness to invest in Türkiye and/or engage with Turkish banks and changes in Turkish laws and practices might arise from these recommendations, both of which might have a material effect on the Group's business, financial condition and/or results of operations.

Personnel – The Group's success depends upon retaining key members of its senior management and its ability to recruit, train and motivate qualified personnel

The Group is dependent upon its senior management to implement its strategy and operate its day-to-day business. In addition, corporate, retail and other relationships of members of senior management are important to the conduct of the Group's business. In a rapidly emerging and developing market such as Türkiye, demand for highly trained and skilled staff, particularly in the Group's İstanbul headquarters, is very high and requires the Group to re-assess continually its compensation and employment policies. If members of the Group's senior management were to leave, particularly if they were to join competitors, then those employees' relationships that have benefited the Group might not continue with the Group.

In addition, the Group's success depends, in part, upon its ability to attract, retain and motivate qualified and experienced banking and management personnel. The Group's failure to recruit and retain necessary personnel or manage its personnel successfully might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Other Group-Related Risks

Absence of Governmental Support – The Group's non-deposit obligations are not guaranteed by the Turkish or any other government and there might not be any governmental or other support in the event of illiquidity or insolvency

The non-deposit obligations of the Group are not guaranteed or otherwise supported by the Turkish or any other government. While rating agencies and others have occasionally included in their analysis of certain banks a view that systemically important banks would likely be supported by the banks' home governments in times of illiquidity and/or insolvency (examples of which sovereign support have been seen in other countries during the global financial crisis), this might not be the case for Türkiye in general or the Group in particular. Investors in the Notes should not place any reliance upon the possibility of the Group being supported by any governmental or other entity at any time, including by providing liquidity or helping to maintain the Group's operations during periods of material market volatility. See "Turkish Regulatory Environment - The Savings Deposit Insurance Fund (SDIF)" for information on the limited government-provided insurance for the Bank's deposit obligations.

Risks relating to the Group's Relationship with its Shareholders – The Group intends to continue its dealings with the BNP Paribas Group and the Çolakoğlu Group although these might give rise to apparent or actual conflicts of interest

The Banking Law places limits on a Turkish bank's exposure to related parties. The Group is within the limits of the Banking Law in terms of its exposure to the BNP Paribas Group and the Çolakoğlu Group. With respect to the Bank, all credits with respect to, and services provided to, its related parties (including members of the BNP Paribas Group and the Çolakoğlu Group) are made on an arm's-length basis and all credit decisions with respect to its related parties are required to be approved by the affirmative vote of at least 10 of the 12 members of the Board (other members of the Group have similar requirements). From time to time the Group has purchased and sold assets (including equity participations and real estate) and services to/from members of the BNP Paribas Group and the Çolakoğlu Group and the Bank believes that the terms of such transactions have been at least as favourable as those the Group would have received from an unaffiliated party. Where applicable, the value estimations (to the extent that market prices were not available) were made by independent appraisers engaged by the Group's management. Although the Group intends to continue to enter into transactions with related parties on terms similar to those that would be offered to an unaffiliated third party, such transactions create the potential for, or might result in, conflicting interests. See "Related Party Transactions."

The interests of the BNP Paribas Group and the Çolakoğlu Group might not be consistent with the interests of investors in the Notes and the Bank's shareholders might take (or cause the Bank to take) actions that might be harmful to investors in the Notes.

In addition, if the BNP Paribas Group were to sell some or all of its shares in the Bank (whether in a secondary offering or a block sale to a strategic buyer), then the Bank might become controlled by a new party with different interests than the previous controlling shareholder of the Bank. As the Conditions do not include any remedy for investors relating to a change in control of the Bank, investors in the Notes will not be entitled to have their Notes repaid as a result of any such change in control.

Risks Relating to the Notes

While the risks described above are important with respect to the Issuer's ability to make payments due in respect of the Notes, there are additional risks that should be considered by investors in the Notes, including risks relating to the nature of the structure of the Notes and general risks relating to investments in the Notes (both of which are set out in the corresponding sub-category below). Such risks that the Issuer's management has identified as having a material impact on investors in the Notes are set out in this category of risk factors; *it being understood* that the following does not address any specific conditions of, or circumstances relating to, any particular investor (including such investor's own tax, regulatory or other circumstances) but rather to investors generally speaking.

Risks Relating to the Structure of the Notes

As an issue of subordinated capital notes, the Notes present investors with certain risks that are not applicable to investments in senior obligations issued by the Issuer, including greater risks relating to non-payment (and even the Write-Down) of the Notes. Such risks that the Issuer's management has identified as having a material impact on investors in the Notes are set out in this section.

Subordination – Claims of Noteholders under the Notes will be subordinated, unsecured and unguaranteed

The Bank's obligations under the Notes will constitute subordinated and unsecured obligations of the Bank. On any distribution of the assets of the Issuer on its winding-up, dissolution or liquidation (as further described in the definition of "Subordination Event" in Condition 3.4), and for so long as such Subordination Event subsists, the Issuer's obligations under the Notes will rank subordinate in right of payment to the payment of all Senior Obligations and no amount will be paid under the Notes until all such Senior Obligations have been satisfied. Unless the Issuer has assets remaining after making all such payments in such circumstances, no payments will be made on the Notes. No other member of the Group has guaranteed, or will have any liability for, the Notes (and the BRSA Financial Statements of the Group incorporated into (and discussed in) this Prospectus should be understood accordingly as the Bank might not have the ability to access the assets of other members of the Group, including receiving dividends from such other members of the Group). Consequently, although the Notes might provide for a higher interest rate than notes of the Issuer that are not subordinated, there is a real risk that an investor in the Notes might lose some or even all of its investment upon the occurrence of a Subordination Event.

Potential Permanent Write-Down – The Prevailing Principal Amount of a Note might be permanently Written Down upon the occurrence of a Non-Viability Event

If a Non-Viability Event occurs at any time, then the Prevailing Principal Amount of each outstanding Note will be Written Down by the relevant amount specified by the BRSA in the manner described in Condition 6.1. A Non-Viability Event occurs upon the determination by the BRSA that, upon the incurrence of a loss by the Issuer (on a consolidated or non-consolidated basis), the Issuer has become, or it is probable that the Issuer will become, Non-Viable, which itself occurs where the Issuer is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (a) the Issuer's operating licence is to be revoked and the Issuer liquidated or (b) the rights of all of the Issuer's shareholders (except to dividends), and the management and supervision of the Issuer, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders.

As noted in the italicised paragraphs in Condition 6.1, while the Notes may be Written Down before any transfer or liquidation as described in the preceding paragraph, a Write-Down must take place in conjunction with the revocation of the

Issuer's operating licence and liquidation or such transfer of shareholders' rights to the SDIF, in each case pursuant to Article 71 of the Banking Law, in order that the respective rankings described in Condition 3.1 are maintained and the relevant loss(es) are absorbed by Junior Obligations to the maximum extent possible. In this respect, such action will be taken as is decided by the BRSA. Where a Write-Down of the Notes takes place before any such liquidation of the Issuer, Noteholders would only be able to claim and prove in such liquidation in respect of the Prevailing Principal Amount (if any) of the Notes following such Write-Down.

Any Write-Down of the Notes would be permanent and the Noteholders will have no further claim against the Issuer in respect of any Written-Down Amount. If, at any time, the Notes are Written Down in full, then the Notes will be cancelled and the Noteholders will have no further claim against the Issuer in respect of any Notes.

As of the date of this Prospectus, there are a number of corrective, rehabilitative and restrictive measures that the BRSA may require to be taken under Articles 68 to 70 of the Banking Law prior to any determination of Non-Viability of the Issuer. In addition to the measures referred to in those Articles, the BRSA may also request other measures, including calling for an increase in the Issuer's own funds, which the BRSA may look for the Issuer to achieve through the issue of additional common shares (whether to existing or new shareholders). The scope and manner of implementation of the measures described above would be decided solely by the BRSA.

Notwithstanding the above, should the BRSA determine that the Notes are to be Written Down before the absorption of the relevant loss(es) by shareholders of the Issuer pursuant to Article 71 of the Banking Law or any other Statutory Loss-Absorption Measure, there can be no assurance that such loss absorption will take place or that it will be taken into account by the BRSA in the determination of the Write-Down Amount of the Notes. Should such loss absorption not take place or not be so taken into account by the BRSA, subject as described in "-Limited Remedies" below, a Noteholder may institute proceedings against the Issuer to enforce Condition 6.1; *however*, to the extent any judgment was obtained in the UK on the basis of English law as the governing law of the Notes (other than those provisions of the Conditions governed by Turkish law), there is uncertainty as to the enforceability of any such judgment by Turkish courts. In addition, there are certain circumstances in which the courts of Türkiye might not enforce a judgment obtained in the courts of another country, which are more fully described under the section entitled "Enforcement of Judgments and Service of Process." There can therefore be no assurance that a Noteholder would be able to enforce in Türkiye any judgment obtained in the courts of another country, including in these circumstances.

Consequently, there is a substantial risk that an investor in the Notes will lose some or even all of its investment in the Notes upon the occurrence of a Non-Viability Event. The occurrence of a Non-Viability Event, or even the expectation or suggestion of a Non-Viability Event, might materially adversely affect the rights of Noteholders, the value and/or market price of an investment in the Notes and/or the amounts payable by the Issuer in respect of the Notes. See Condition 6 for further information on the Write-Down of the Notes, including for the definitions of various terms used in this risk factor.

Unpredictable Nature of a Non-Viability Event – The circumstances that might give rise to a Non-Viability Event are unpredictable

The occurrence of a Non-Viability Event is inherently unpredictable and depends upon a number of factors, many of which are outside of the Issuer's control. For example, the occurrence of one or more of the risks described in "Risk Factors - Risks Relating to the Group and its Business" might materially increase the likelihood of the occurrence of a Non-Viability Event. Due to the inherent unpredictability of the occurrence of a Non-Viability Event, it is not possible to predict when, if at all, the Notes will be subject to a Write-Down. Accordingly, trading behaviour in respect of the Notes is not necessarily expected to follow trading behaviour associated with other types of interest-bearing securities. Any indication that the Issuer and/or the Group, as applicable, is trending towards a Non-Viability Event can be expected to have an adverse effect on the market price of an investment in the Notes. Under such circumstances, investors might not be able to sell their investments in the Notes easily or at prices comparable to other similar-yielding instruments.

No Limits on Senior Obligations or Parity Obligations – There is no limitation in the Conditions on the Issuer's incurrence of Senior Obligations or Parity Obligations

There is no restriction in the Conditions on the amount of Senior Obligations or Parity Obligations that the Issuer may incur. The incurrence of any such obligations might reduce the amount recoverable by the Noteholders on any winding-up, dissolution or liquidation of the Issuer and might result in an investor in the Notes losing some or even all of its investment.

In addition, Parity Obligations (and even Junior Obligations, including Additional Tier 1 Capital) might provide their holders with contractual or legal rights that differ from those available under the Notes, including (without limitation) the potential for conversion into equity and/or the potential for future write-ups after any write-downs. As a result, the impact of any write-down event relating to the Notes and/or such other obligations might differ among the various investors depending upon the rights afforded to them under the relevant contracts and/or applicable law.

Limited Remedies – Investors will have limited remedies under the Notes

A holder of a Note will only be able to accelerate payment of the Prevailing Principal Amount of that Note, together with all interest accrued and unpaid to (but excluding) the date of repayment, on the occurrence of an Enforcement Event as described in Condition 11 and then may only claim or prove in the winding-up, dissolution or liquidation of the Issuer. Noteholders also may institute proceedings against the Issuer as described in Condition 11 to enforce any obligation, condition, undertaking or provision binding upon the Issuer under the Notes (other than, without prejudice to the provisions above, any obligation for the payment of any principal or interest in respect of the Notes) but will not have any other right of acceleration under the Notes, whether in respect of any default in payment or otherwise, and the only remedy of a Noteholder against the Issuer on any default in a payment on the Notes will be to institute proceedings for the Issuer to be declared bankrupt or insolvent or for there otherwise to be a Subordination Event, or for the Issuer's winding-up, dissolution or liquidation as described in Condition 11 and to claim or prove in the winding-up, dissolution or liquidation of the Issuer.

No remedy against the Issuer other than as provided above will be available to the holders of Notes, including (without limitation) for the recovery of amounts owing in respect of the Notes or otherwise in respect of any of the Enforcement Events or in respect of any breach by the Issuer of any of its covenants or other obligations under the Notes.

Reset Interest Rate – The interest rate on the Notes will be reset on the Issuer Call Date, which might affect interest payments on an investment in the Notes and/or the market price of any such investment

The Notes will initially bear interest at the Initial Interest Rate to (but excluding) the Issuer Call Date, at which time the Interest Rate will be reset to the Reset Interest Rate. The Reset Interest Rate, which will be affected by market and numerous other conditions in effect at the time of its determination, might be less than the Initial Interest Rate. In addition, the Reset Margin used in calculating the Reset Interest Rate might, on the Issuer Call Date, be lower than the margin that would apply to a similar security being issued on the Issuer Call Date. The unpredictability of the Reset Interest Rate thus might negatively affect the market price of an investment in the Notes. See Condition 5 for further information of such resetting of the Interest Rate.

Early Redemption – The Notes may be subject to early redemption in certain circumstances

In accordance with Condition 8, the Issuer will, in certain circumstances described below, have the right to redeem all, but not some only, of the Notes prior to the Maturity Date at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption.

This optional redemption feature is likely to limit the market price of an investment in the Notes because the market price of an investment in the Notes generally will not rise substantially above the price at which they can be redeemed. In addition, an investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the then-applicable Interest Rate on the Notes and might only be able to do so at a significantly lower interest rate (or through taking on a greater credit risk). Reinvestment risk should be an important element of an investor's consideration in investing in the Notes.

Taxation: If a Tax Event (as defined in Condition 8.2) occurs at any time after the Agreement Date, then the Issuer will have the right to redeem all, but not some only, of the Notes, subject (if required by applicable law) to having obtained the prior approval of the BRSA, on any Payment Business Day at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption. As of the date of this Prospectus, the withholding tax rate on interest payments on bonds (such as the Notes) issued outside of Türkiye by corporations that are tax residents of Türkiye varies depending upon the original maturity of such bonds as specified under the Tax Decrees. Pursuant to the Tax Decrees, with respect to bonds with a maturity of three years or more, the withholding tax rate on the date of this Prospectus on interest is 0%. Accordingly, the initial withholding

tax rate on interest on the Notes is currently 0%; *however*, in case of early redemption, the redemption date might be considered to be the maturity date and higher withholding tax rates might apply accordingly.

At the option of the Issuer. In accordance with Condition 8.3, the Issuer will have the right to redeem all, but not some only, of the Notes, subject (if required by applicable law) to having obtained the prior approval of the BRSA, on the Issuer Call Date at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the Issuer Call Date. As of the date of this Prospectus, the approval of the BRSA is required by applicable law and (under Article 8(2)(d) of the Equity Regulation) such approval is subject to the conditions that, among other things: (a) the Notes are replaced with another debt instrument either of the same quality or higher quality, and such replacement does not have a restrictive effect on the Issuer's ability to sustain its operations or (b) the Issuer continues to satisfy its applicable capital requirements following the exercise of the redemption option (see "Turkish Regulatory Environment – Capital Adequacy – Tier 2 Rules"). The Issuer will have the right to redeem the Notes pursuant to this optional redemption feature even following a Write-Down of the Notes (including where such Write-Down occurs following the delivery to the Noteholders of a notice of redemption and prior to the relevant redemption of the Notes). Accordingly, in any such redemption, Noteholders would only receive the Prevailing Principal Amount remaining after any such Write-Down. If the Issuer elects to redeem the Notes in accordance with Condition 8.3 or if there is an anticipation that the Issuer will so redeem the Notes, then this might lead to fluctuations in the market price of an investment in such Notes.

Capital Disqualification Event: If a Capital Disqualification Event (as defined in Condition 8.4) occurs at any time after the Issue Date, then the Issuer will have the right to redeem all, but not some only, of the Notes at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption. It should be noted that, notwithstanding the occurrence of a Capital Disqualification Event, the Notes will maintain their priority set out in Condition 3 and the Issuer will retain its rights to Write-Down the Notes.

Substitution or Variation of the Notes – The Issuer may, if a Tax Event or a Capital Disqualification Event occurs, either substitute the Notes for Qualifying Tier 2 Securities or vary the terms of the Notes so that they remain or become Qualifying Tier 2 Securities

Subject to Condition 8.9, if at any time a Tax Event or a Capital Disqualification Event has occurred that then allows the Issuer to redeem the Notes pursuant to Condition 8.2 or 8.4, as the case may be, the Issuer may, instead of giving notice to redeem the Notes pursuant to Condition 8.2 or 8.4, as the case may be, but subject to compliance with Applicable Banking Regulations (including, if applicable, the prior approval of the BRSA), at any time (without any requirement for the consent or approval of the Noteholders) either substitute all (but not some only) of the Notes for Qualifying Tier 2 Securities or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Tier 2 Securities.

There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Tier 2 Securities will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Tier 2 Securities are not materially less favourable to the Noteholders than the terms of the Notes. The Noteholders will have no recourse to the Issuer for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

Risks Relating to Investments in the Notes Generally

In addition to the structure-specific risks noted above, investors in the Notes will be subject to additional risks relating to investing in the Notes. Such risks that the Issuer's management has identified as having a material impact on investors in the Notes are set out in this sub-category; *it being understood* that the following does not address any specific conditions of, or circumstances relating to, any particular investor (including such investor's own tax, regulatory or other circumstances) but rather to investors generally speaking.

No Secondary Market – An active secondary market in respect of the Notes might never be established or might be illiquid and this might adversely affect the price at which an investor could sell its investment in the Notes

The Notes will have no established trading market when issued and (even though admitted to the Official List and to trading on the Regulated Market) one might never develop or, if developed, it might not be sustained. If a market does develop, then it might not be very liquid and investments in the Notes might trade at a discount to their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Bank's financial condition. Therefore, investors might not be able to sell their investments in the Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If an active trading market for investments in the Notes is not developed or maintained, then the market or trading price and liquidity of investments in the Notes might be adversely affected.

Market Price Volatility – The market price of an investment in the Notes might be subject to a significant degree of volatility

The market price of an investment in the Notes might be subject to significant fluctuations in response to actual or anticipated variations in market interest rates, the Issuer's and/or the Group's operating results, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and/or the actual or expected sale by the Group of other debt securities, as well as other factors, including the trading market for debt issued by Turkish governmental entities. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, might adversely affect the market price of an investment in the Notes without regard to the Issuer's financial condition or results of operations. For example: (a) investment in the Notes involves the risk that if market interest rates subsequently increase above the interest rate paid on the Notes, then this will adversely affect the market price of an investment in the Notes, and (b) investment in the Notes involves the risk of adverse changes in the market price of an investment in the Notes if the interest rate of new similar debt instruments of the Issuer would be higher.

Consent for Modifications – The Conditions contain provisions that permit their modification without the consent of all of the investors in the Notes

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and for Extraordinary Resolutions to be passed in writing or by way of electronic consents. These provisions permit investors in the Notes holding defined percentages of the Notes to bind all investors in the Notes, including investors that did not attend and vote at the relevant meeting (or did not sign such a written resolution or provide such electronic consent, as applicable) and investors that voted in a manner contrary to the decision of the deciding group. These matters might include (*inter alia*) even: (a) reducing or cancelling the amount of principal or the amount of interest payable in respect of the Notes, (b) altering the currency of payment of the Notes or (c) approving any scheme or proposal for the exchange or substitution of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, bonds and/or other securities of the Issuer or any other company formed or to be formed. As a result, binding decisions might be taken by the holders of such defined percentages of the Notes that are contrary to the preferences of any particular investor in the Notes.

Further Issues – The Issuer may issue further Notes, which would dilute the existing Noteholders' share of the Notes

As permitted by the Conditions, the Issuer may from time to time, without the consent of the Noteholders, create and issue further notes so that the same shall be consolidate with the Notes. To the extent that the Issuer issues such further notes, the share of an existing Noteholder (*e.g.*, in respect of any meeting of holders of the Notes (see "-Consent for Modifications")) will be diluted.

Transfer Restrictions – Transfers of investments in the Notes will be subject to certain restrictions and investments in Global Certificates can only be held through a Clearing System

Although the CMB has granted the CMB Approval authorising the issuance of a maximum principal amount of Notes (and other securities) pursuant to Decree 32, the Capital Markets Law, the Debt Instruments Communiqué and other related laws as debt securities to be offered outside of Türkiye, the Notes have not been and are not expected to be registered: (a) under the Securities Act or any applicable state's or other jurisdiction's securities laws or (b) other than by the Central Bank of Ireland as described herein, with the SEC or any other applicable state's or other jurisdiction's regulatory authorities. The offering of

the Notes (or beneficial interests therein) will be made pursuant to exemptions from the registration requirements of the Securities Act and in compliance with other securities laws. Accordingly, reoffers, resales, pledges and other transfers of investments in the Notes will be subject to certain transfer restrictions. Each investor is advised to consult its legal advisors in connection with any such reoffer, resale, pledge or other transfer. See "Subscription and Sale - Selling Restrictions."

Because transfers of interests in the Global Certificates can be effected only through book entries at the applicable Clearing System(s) for the accounts of their respective direct participants, the liquidity of any secondary market for investments in the Global Certificates might be reduced to the extent that some investors are unwilling or unable to invest in Notes held in book-entry form in the name of a direct participant in the applicable Clearing System. The ability to pledge interests in the Notes (or beneficial interests therein) might be limited due to the lack of a physical certificate. In the event of the insolvency of a Clearing System or any of their respective participants in whose name interests in the Notes are recorded (or any indirect participants), the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on the Notes might be impaired.

Enforcement of Judgments – It might not be possible for investors to enforce foreign judgments against the Bank or its management

The Bank is a joint stock company organised under the laws of Türkiye (specifically, under the Banking Law). Certain of the directors and officers of the Bank reside inside Türkiye and all or a substantial portion of the assets of such persons might be, and substantially all of the assets of the Bank are, located in Türkiye. As a result, it might not be possible for investors in the Notes to effect service of process upon such persons outside Türkiye or to enforce against them in the courts of jurisdictions other than Türkiye any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions.

In addition, under Türkiye's International Private and Procedure Law (Law No. 5718), a judgment of a court established in a country other than Türkiye might not be enforced in Turkish courts in certain circumstances. There is no treaty between the UK and Türkiye providing for reciprocal enforcement of judgments; *however*, Turkish courts have rendered at least one judgment confirming *de facto* reciprocity between the UK and Türkiye with respect to the enforcement of judgments of their respective courts. Nevertheless, since *de facto* reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the UK by Turkish courts. The same might apply for judgments obtained in other jurisdictions. For further information, see "Enforcement of Judgments and Service of Process."

Change in Law – The value or market price of an investment in the Notes might be adversely affected by a change in the laws of England or Türkiye or in administrative practice in those jurisdictions

The Conditions are based upon the laws of England and Türkiye and administrative practice in effect as of the date of this Prospectus, and having regard to the expected tax treatment of all relevant entities under such laws and practice. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Türkiye (or the laws of any other jurisdiction) (including any change in regulation that might occur without a change in the primary legislation) or administrative practice in England or Türkiye after the date of this Prospectus, nor can any assurance be given as to whether any such change might materially adversely affect the ability of the Issuer to make payments under the Notes or the value or market price of an investment in the Notes.

Definitive Certificates might need to be Issued – Investors who hold interests in Global Certificates in denominations that are not a Specified Denomination might be adversely affected if Definitive Certificates are subsequently required to be issued

In relation to any Global Certificates and Notes having denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount (the "*Specified Denomination*"), it is possible that interests in the Global Certificates might be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, an investor who, as a result of trading such amounts, holds an amount that is less than the minimum Specified Denomination in an account with the relevant Clearing System at the relevant time: (a) would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination and (b) may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates replace the applicable Global Certificate) and would need to purchase or sell a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If Definitive Certificates are issued, then the holders thereof should be aware that Definitive Certificates that have a denomination that is not an integral multiple of the minimum Specified Denomination might be illiquid and difficult to trade.

Reliance upon Clearing Systems – Investors in Global Certificates will be subject to the rules of the applicable Clearing System and their ability to exercise rights relating to the Notes directly might be limited

Unless issued in definitive form, the Notes will be represented on issue by one or more Global Certificate(s) that will be deposited with and registered in the name of a Common Depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the applicable Global Certificate, investors in a Global Certificate will not be entitled to receive Notes in definitive form. Each of the Clearing Systems and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests therein only through the relevant Clearing Systems and their respective direct and indirect participants.

For so long as the Notes are represented by Global Certificates, the Issuer will discharge its payment obligations thereunder by making payments through the relevant Clearing System(s). A holder of a beneficial interest in a Global Certificate must rely upon the procedures of the relevant Clearing System and its participants to receive payments in respect of their interests in such Global Certificate. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate.

Holders of beneficial interests in a Global Certificate will be subject to the applicable procedures of the applicable Clearing System, its participants and any other intermediary and will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) and its participants to appoint appropriate proxies or to act directly. Similarly, holders of beneficial interests in a Global Certificate might have to prove their interests in order to take enforcement action against the Issuer in the event of a default under the relevant Notes and might not have a direct right to take enforcement action against the Issuer in the event of a default under the Notes.

Sanction Targets

Each of the United States, the United Nations Security Council, the UK, the EU, France and Türkiye have enacted and/or administer and/or enforce economic sanctions or restricted measures (collectively, "*Sanctions*") that restrict the ability of relevant persons to invest in, or otherwise engage in business with: (a) certain countries and territories, including Russia, Belarus, the Crimea region of Ukraine, the non-Ukrainian-controlled areas of Donetsk and Luhansk, Cuba, Iran, North Korea and Syria, and (b) specially designated individuals and entities (the targets of all such restrictions being together the "*Sanction Targets*"). As the Bank is not a Sanction Target, these rules do not prohibit U.S., UK or EU investors from investing in, or otherwise engaging in business with, the Bank; *however*, while the Group has adopted and maintains a risk-based compliance programme that the Bank's management believes is reasonably designed to comply with applicable Sanctions, to the extent that the Group invests in, or otherwise engages in business with, Sanction Targets, investors in the Notes might incur the risk of indirect contact with Sanction Targets. See "The Group and its Business – Anti-Money Laundering, Combatting the Financing of Terrorism and Anti-Bribery Policies" and "The Group and its Business – Compliance with Sanctions Laws."

Exchange Rate Risks and Exchange Controls – If U.S. dollars are not an investor's home currency, then such investor will be exposed to movements in exchange rates adversely affecting the value of such investor's holding; in addition, the imposition of exchange controls in relation to the Notes might result in an investor not receiving payments on the Notes

The Issuer will pay principal and interest on the Notes in U.S. dollars, which presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "*Investor's Currency*") other than U.S. dollars. These include the risk that exchange rates might significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that the Turkish government and/or authorities with jurisdiction over the Investor's Currency might impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease: (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency-equivalent value of the interest and principal payable on the Notes and (c) the Investor's Currency-equivalent market price of an investment in the Notes.

Government and monetary authorities might impose exchange controls that might adversely affect an applicable exchange rate and/or the ability to convert and/or transfer currency. If this occurs, particularly if it directly affects the Bank's payments on the Notes, then an investor in the Notes might receive less interest or principal than expected, or no interest or principal, and/or might receive payment in a currency other than U.S. dollars. An investor might also not be able to convert (at a reasonable exchange rate or at all) amounts received in U.S. dollars into the Investor's Currency, which might materially adversely affect the market price of an investment in the Notes. There might also be tax consequences for investors of any such currency changes.

Credit Ratings – Credit ratings assigned to the Issuer or the Notes might not reflect all risks associated with an investment in the Notes and might be lowered, suspended or withdrawn

The credit ratings of the Issuer and the expected initial credit ratings of the Notes are set out herein. Any relevant Rating Agency may lower, suspend or withdraw its rating if, in its sole judgment, the credit quality of the Issuer or the Notes (as applicable) has declined or is in question. If any credit rating assigned to the Issuer or the Notes is lowered, suspended or withdrawn, then the market price of an investment in the Notes might decline. Neither any Rating Agency nor the Issuer has any obligation to maintain any such credit rating during the life of the Notes, including from any particular Rating Agency.

In addition to the credit ratings of the Issuer and the Notes provided by the Rating Agencies, one or more other independent credit rating agency(ies) might assign a credit rating to the Notes and/or the Issuer, which credit rating might be lower than the current credit rating(s) of the Notes and/or the Issuer. Also, if any credit rating assigned to Türkiye and/or BNP Paribas is lowered or put on negative watch, then such change might have a negative impact on the Issuer's and/or the Notes' credit rating. In addition, the credit ratings might not reflect the potential impact of all risks relating to the structure, market, additional factors discussed above and other factors that might affect the value or market price of an investment in the Notes.

In general, regulated investors in the EU are restricted under the Regulation (EC) No. 1060/2009 (as amended, the "*EU CRA Regulation*") from using credit ratings for regulatory purposes unless such credit ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended). Similarly, in general, UK-regulated investors are restricted under Regulation (EC) No. 1060/2009, as amended, as it forms part of UK domestic law by virtue of the EUWA (as amended, the "*UK CRA Regulation*") from using credit ratings for regulatory purposes unless such credit ratings are issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended). Such general restrictions also apply in the case of credit ratings issued by non-EU or non-UK credit rating agencies, as the case may be, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency, respectively, or the relevant non-EU or non-UK rating agency is certified in accordance with the EU CRA Regulation or the UK CRA Regulation, respectively (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). If the status of a Rating Agency changes, then regulated investors in the EU and/or UK might no longer be able to use the credit rating for regulatory purposes and the Notes might have a different regulatory treatment, which might result in such investors selling their investment in the Notes, which might impact the value of the Notes and/or any secondary market in the Notes. The list of registered and certified rating agencies published by ESMA or the Financial Conduct Authority (the "*FCA*"), as the case may be, on its website in accordance with the EU CRA Regulation or UK CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there might be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA or FCA list.

A credit rating is not a recommendation to buy, sell or hold securities and might be revised, suspended or withdrawn by the applicable rating agency at any time. Similar credit ratings on different types of securities do not necessarily mean the same thing. Credit ratings on the Notes also do not address the marketability of investments in the Notes or any market price. Any change in the credit rating(s) of the Notes or the Issuer might adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes. The significance of each credit rating should be analysed independently from any other credit rating.

SUMMARY FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated, the following summary financial and other information have been extracted (except as noted in the "Key Ratios and Other Information" table) from the Group's BRSA Financial Statements incorporated by reference herein without material adjustment. The information in this section should be read in conjunction with the information contained in such BRSA Financial Statements (including the notes therein).

	2020	2021	2022
Income Statement Data:		*(TL thousands)*	
Interest income	11,447,705	16,156,398	36,528,298
Interest expense (-)	5,194,539	9,090,206	15,800,491
Net interest income/(expense)	**6,253,166**	**7,066,192**	**20,727,807**
Fees and commissions received	1,957,703	2,685,996	4,614,814
Fees and commissions paid (-)	625,904	1,095,564	2,007,195
Net fees and commissions income/(expense)	**1,331,799**	**1,590,432**	**2,607,619**
Dividend income	3,557	3,503	7,759
Trading income/loss (net)	(1,736,637)	(1,987,003)	1,953,420
Other operating income	129,357	212,096	295,174
Gross operating profit	**5,981,242**	**6,885,220**	**25,591,770**
Expected credit loss (-)	752,055	(7,720)	1,806,241
Other provision expenses (-)	(22,683)	1,572	401,447
Personnel expenses (-)	1,664,376	1,936,213	4,189,162
Other operating expenses (-)	1,910,574	2,231,547	3,801,703
Profit/loss before tax from continued operations	**1,676,920**	**2,723,608**	**15,393,226**
Tax provision for continued operations	408,014	642,734	3,818,745
Net income/loss	**1,268,906**	**2,080,874**	**11,574,481**

	For the nine months ended 30 September	
	2022	2023
Income Statement Data:	*(TL thousands)*	
Interest income	25,045,899	36,428,745
Interest expense (-)	10,724,850	24,634,972
Net interest income/(expense)	**14,321,049**	**11,793,773**
Fees and commissions received	3,209,763	6,391,720
Fees and commissions paid (-)	1,418,272	2,701,539
Net fees and commissions income/(expense)	**1,791,491**	**3,690,181**
Dividend income	6,986	12,195
Trading income/loss (net)	709,422	9,769,493
Other operating income	166,566	363,411
Gross operating profit	**16,995,514**	**25,629,053**
Expected credit loss	720,388	538,539
Other provision expenses (-)	(101)	253,149
Personnel expenses (-)	2,706,678	5,169,184
Other operating expenses (-)	2,376,526	4,820,423
Profit/loss before tax from continued operations	**11,192,023**	**14,847,758**
Tax provision for continued operations	2,668,088	3,866,692
Net income/loss	**8,523,935**	**10,981,066**

	As of 31 December			As of 30 September
	2020	2021	2022	2023
Balance Sheet Data:	*(TL thousands)*			
Cash and cash equivalents	31,134,619	47,429,571	60,455,233	101,278,868
Financial assets at fair value through profit or loss	1,630,892	2,793,788	3,468,869	1,054,113
Financial assets at fair value through other comprehensive income	8,652,397	7,175,956	8,420,336	7,998,324
Derivative financial assets	2,850,127	8,134,445	5,798,804	6,441,047
Loans	82,761,835	107,905,750	149,703,879	186,617,658
Factoring receivables	2,503,938	4,636,925	7,329,598	8,422,954
Other financial assets measured at amortised cost	12,522,941	19,551,700	40,455,936	44,593,176
Expected credit loss	(4,067,751)	(4,082,877)	(5,120,447)	(5,884,953)
Property and equipment held for sale purpose and related to discontinued operations	112,859	65,933	100,370	87,710
Equity investments	55	55	55	55
Tangible assets (net)	846,067	934,456	1,276,406	1,483,159
Intangible assets (net)	572,547	611,252	903,856	1,128,463
Current tax asset	19,678	138,894	28,388	137,912
Deferred tax asset	651,589	147,376	1,624,898	1,730,224
Other assets (net)	2,537,974	3,410,894	9,089,840	12,413,453
Total assets	**142,729,767**	**198,854,118**	**283,536,021**	**367,502,163**
Deposits	93,741,903	131,582,973	200,349,920	244,955,878
Funds borrowed	11,911,284	19,799,176	17,605,102	26,016,270
Money market funds	6,734,127	8,925,815	7,229,949	16,579,628
Securities issued (net)	4,810,637	1,194,525	422,045	933,840
Derivative financial liabilities	3,343,179	4,489,788	3,567,233	4,094,861
Factoring liabilities	8,979	21,277	4,791	29,332
Lease liabilities (net)	604,874	577,660	710,629	945,095
Provisions	1,004,817	1,276,435	3,474,020	4,157,346
Current tax liability	343,527	272,117	2,045,694	3,889,431
Subordinated debt instruments	4,194,951	7,239,036	9,708,218	14,395,809
Other liabilities	4,341,816	9,419,046	12,274,028	15,878,464
Total liabilities	**131,040,094**	**184,797,848**	**257,391,629**	**331,875,954**
Paid-in capital	2,204,390	2,204,390	2,204,390	2,204,390
Capital reserves	391,754	391,226	391,226	391,226
Other accumulated comprehensive income or expense items that will not be reclassified at profit or loss	276,629	(59,373)	(419,019)	(260,139)
Other accumulated comprehensive income or expense items that will be reclassified at profit or loss	(314,855)	93,040	973,686	527,059
Profit reserves	7,843,996	9,336,062	11,310,414	21,754,128
Profit or loss	1,272,252	2,072,708	11,655,252	10,948,909
Minority shares	15,507	18,217	28,443	60,636
Total shareholders' equity	**11,689,673**	**14,056,270**	**26,144,392**	**35,626,209**
Total liabilities and shareholders' equity	**142,729,767**	**198,854,118**	**283,536,021**	**367,502,163**
Total off-balance sheet commitments	**392,620,945**	**551,598,612**	**778,252,962**	**1,026,149,804**

The following tables set out the sectoral breakdown of the Group's loans and advances as of the indicated dates, including both cash and non-cash loans (including credit commitments and contingent liabilities).

	As of 30 September 2023			
	Cash Loans	**Non-cash Loans**	**Total**	**Share**
	(TL thousands, except percentages)			
Agricultural	3,169,893	97,433	3,267,326	1.21%
Farming and raising livestock	*2,596,248*	*94,968*	*2,691,216*	*1.00%*
Fishery	*573,645*	*2,465*	*576,110*	*0.21%*
Manufacturing	81,178,662	31,934,758	113,113,420	42.08%
Mining and quarry	*4,914,654*	*1,314,870*	*6,229,524*	*2.32%*
Production	*72,842,214*	*29,320,971*	*102,163,185*	*38.00%*
Electricity, gas and water	*3,421,794*	*1,298,917*	*4,720,711*	*1.76%*
Construction	2,149,644	15,023,036	17,172,680	6.39%
Services	46,487,089	27,072,942	73,560,031	27.35%
Wholesale and retail trade	*15,479,208*	*11,270,807*	*26,750,015*	*9.95%*
Hotel and restaurant services	*2,650,513*	*280,802*	*2,931,315*	*1.09%*
Transportation and communication	*9,805,733*	*2,803,852*	*12,609,585*	*4.69%*
Financial institutions	*8,846,321*	*3,173,965*	*12,020,286*	*4.47%*
Real estate and renting	*5,669,135*	*5,706,766*	*11,375,901*	*4.23%*
Self-employment services	*1,368,816*	*3,797,844*	*5,166,660*	*1.92%*
Education services	*60,698*	*28,246*	*88,944*	*0.03%*
Health and social services	*2,606,665*	*10,660*	*2,617,325*	*0.97%*
Other	59,538,481	2,188,581	61,727,062	22.97%
Total	**192,523,769**	**76,316,750**	**268,840,519**	**100.00%**
Non-performing loans (Stage 3)	2,516,843			
Less: Stage 1 expected credit loss	(593,899)			
Less: Stage 2 expected credit loss	(3,433,974)			
Less: Stage 3 expected credit loss	(1,847,047)			
Total net loans and other receivables	**189,165,692**			

	As of 31 December 2022			
	Cash Loans	Non-cash Loans	Total	Share
	(TL thousands, except percentages)			
Agricultural	2,232,363	172,262	2,404,625	1.15%
Farming and raising livestock	*1,862,126*	*166,795*	*2,028,921*	*0.97%*
Fishery	*370,237*	*5,467*	*375,704*	*0.18%*
Manufacturing	68,070,915	26,179,111	94,250,026	44.96%
Mining and quarry	*4,433,063*	*1,117,992*	*5,551,055*	*2.65%*
Production	*61,094,500*	*24,829,413*	*85,923,913*	*40.99%*
Electricity, gas and water	*2,543,352*	*231,706*	*2,775,058*	*1.32%*
Construction	1,840,444	9,481,749	11,322,193	5.40%
Services	36,441,749	17,605,245	54,046,994	25.78%
Wholesale and retail trade	*12,455,449*	*6,809,072*	*19,264,521*	*9.19%*
Hotel and restaurant services	*2,404,096*	*350,584*	*2,754,680*	*1.31%*
Transportation and communication	*7,530,319*	*1,929,443*	*9,459,762*	*4.51%*
Financial institutions	*6,540,191*	*1,941,125*	*8,481,316*	*4.05%*
Real estate and renting	*4,943,118*	*4,140,161*	*9,083,279*	*4.33%*
Self-employment services	*1,081,056*	*2,414,863*	*3,495,919*	*1.67%*
Education services	*51,208*	*6,720*	*57,928*	*0.03%*
Health and social services	*1,436,312*	*13,277*	*1,449,589*	*0.69%*
Other	45,755,891	1,826,069	47,581,960	22.71%
Total	**154,341,362**	**55,264,436**	**209,605,798**	**100.00%**
Non-performing loans (Stage 3)	2,692,115			
Less: Stage 1 expected credit loss	(736,877)			
Less: Stage 2 expected credit loss	(2,423,895)			
Less: Stage 3 expected credit loss	(1,950,572)			
Total net loans and other receivables	**151,922,133**			

The following table includes certain of the Group's key ratios as of and for the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023. The basis for the calculation of ratios that are non-GAAP financial measures is set out in "Presentation of Financial and Other Information." Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with the BRSA Principles.

Key Ratios:	As of (of for the year/nine months ended)			
	31 December			30 September
	2020	2021	2022	2023
Profitability Ratios:				
Net interest margin	3.90%	3.21%	10.10%	8.81%
Other operating expenses as a percentage of total average assets	2.84%	2.44%	3.31%	3.07%
Cost-to-income ratio	59.81%	60.58%	31.23%	39.00%
Cost of risk	0.96%	(0.01)%	1.34%	0.41%
Return on average total assets	1.01%	1.22%	4.80%	4.49%
Return on equity	12.23%	16.71%	58.82%	48.06%
Balance Sheet Ratios:				
Deposits-to-total assets	65.68%	66.17%	70.66%	66.65%
Total loans (net of provisions)-to-total assets	56.89%	54.54%	53.58%	51.47%
Credit Quality:				
NPL ratio	4.13%	2.98%	1.71%	1.29%
Specific provisions for loans to NPLs	65.55%	68.23%	72.46%	73.39%
Specific provisions for loans to total loans	2.71%	2.04%	1.24%	0.95%
Capital Adequacy:				
Common equity tier 1 capital adequacy ratio[1]	12.66%	10.88%	12.39%	12.98%
Total capital adequacy ratio[1]	18.25%	17.77%	18.26%	19.07%
Other Information:				
Employees at period end	9,129	8,869	9,054	8,644
Branches at period end	455	455	448	450
Inflation rate/GDP				
Producer price index inflation[2]	25.2%	79.9%	97.7%	44.2%
Gross domestic product (% change)[3]	1.9%	11.0%	5.5%	5.9%
TL/US$ Exchange Rate:				
Period end	7.3883	13.3907	18.6010	27.2505

(1) Capital adequacy ratios calculated in accordance with BRSA guidelines.
(2) Base year – 2003 (for 2023, for the 12 months ended December 2023).
(3) Represents the growth of GDP (for 2023, for the 12 months ended November 2023).

CAPITALISATION OF THE GROUP

The following table sets forth the capitalisation of the Group as of the indicated dates. The following financial information has been extracted from the Group's BRSA Financial Statements incorporated by reference herein without material adjustment. This table should be read in conjunction with such BRSA Financial Statements (including the notes therein).

	As of 31 December			As of 30 September
	2020	**2021**	**2022**	**2023**
		(TL thousands)		
Paid-in capital	2,204,390	2,204,390	2,204,390	2,204,390
Capital reserves	391,754	391,226	391,226	391,226
Other accumulated comprehensive income or expense items that will not be reclassified at profit or loss	276,629	(59,373)	(419,019)	(260,139)
Other accumulated comprehensive income or expense items that will be reclassified at profit or loss	(314,855)	93,040	973,686	527,059
Profit reserves	7,843,996	9,336,062	11,310,414	21,754,128
Profit or loss	1,272,252	2,072,708	11,655,252	10,948,909
Minority shares	15,507	18,217	28,443	60,636
Total shareholders' equity	**11,689,673**	**14,056,270**	**26,144,392**	**35,626,209**
Funds borrowed (medium/long-term)[(1)(2)]	8,670,613	15,690,414	18,528,237	29,435,485
Debt securities issued (medium/long-term)[(1)]	44,014	-	-	-
Total capitalisation	**20,404,300**	**29,746,684**	**44,672,629**	**65,061,694**

(1) Funds borrowed and debt securities issued do not include short-term (less than one year) borrowed funds and debt securities issued.

(2) Includes the Bank's €125 million of tier 2 subordinated debt instruments due 2028 (with an option for the bank to voluntarily prepay in 2023). The prepayment option was exercised, resulting in these instruments being repaid in full on 27 December 2023.

THE GROUP AND ITS BUSINESS

General

The Bank is a Turkish private commercial bank that provides banking products and services to retail, corporate and SME banking and other customers through a network of 444 branches operating in major cities throughout Türkiye and Northern Cyprus. As of 30 September 2023, according to the most recent statistics published before the date of this Prospectus on the Public Disclosure Platform, the Bank was the seventh largest private bank in Türkiye in terms of bank-only total assets with TL 355.0 billion of total assets. As of such date, the Group had total loans and factoring receivables of TL 195.0 billion, total deposits of TL 245.0 billion and total shareholders' equity of TL 35.6 billion.

The Group, through the Bank (with its 444 branches in Türkiye and Northern Cyprus as of 31 December 2023) and its subsidiaries, also undertakes factoring (through the Bank's subsidiary TEB Faktoring A.Ş.), brokerage, portfolio management and investment banking activities (through the Bank's subsidiaries TEB Yatırım Menkul Degerler A.Ş. and TEB Portföy Yönetimi A.Ş.), consumer financing activities (through the Bank's subsidiary TEB Finansman A.Ş./TEB Cetelem) and insurance agency activities (through the Bank's exclusive agency agreements in Türkiye with BNP Paribas Cardif Emeklilik A.Ş. and Zurich Sigorta A.Ş.), each of which is described in more detail later in this Prospectus. In addition to its branch network, the Group has made significant investments in alternative delivery channels such as ATM and POS networks, internet banking, mobile banking and a call centre.

The Bank operates through three main business segments (corporate and corporate investment banking, SME banking and retail and private banking) as well as the ALM&T Group and the Global Markets Group, additional information about each of which is provided below:

- *Corporate and Corporate Investment Banking*. The Bank's corporate banking activities consist primarily of traditional and non-cash lending, trade finance, foreign trade, cash management, deposit taking and risk management. The Corporate and Corporate Investment Banking Group serves businesses (including multinational corporations) with annual revenues of at least TL 300 million. As of 30 September 2023, the Corporate and Corporate Investment Banking Group had approximately 6,445 customers and performing loans and receivables of TL 77.8 billion, representing 44.3% of the Bank's performing loans and receivables.

- *SME Banking*. The Bank's SME Banking Group offers its clients a range of products and services, including cash and non-cash loans, project finance products, investment loans, cash management services and deposits. The SME banking segment serves: (a) SMEs, which are entities with annual revenues of at least TL 7 million but less than TL 75 million, and (b) larger SMEs (referred to as "SME Plus"), which are enterprises with annual revenues of at least TL 75 million but less than TL 300 million. Micro SMEs, which are micro-businesses with annual revenues of less than TL 7 million, are managed as part of the Retail and Private Banking Group. In recent years, SME banking has represented an increasingly important part of the Group's overall loan portfolio. As of 30 September 2023, the Group's SME Banking Group had 115,647 customers and performing loans and receivables of TL 38.3 billion, representing 21.5% of the Bank's performing loans and receivables.

- *Retail and Private Banking*. The Group's retail banking activities consist primarily of mortgages, consumer lending, credit and debit card services, deposits, investments and insurance products, serving consumers and micro SMEs (*i.e.*, micro-businesses with annual revenues of less than TL 7 million). As of 30 September 2023, the Bank's Retail and Private Banking Group had approximately 8.2 million retail customers and performing retail loans and receivables (including mortgage, retail credit card and consumer loans (which comprise personal need loans, overdrafts and auto loans)) of TL 60.7 billion, representing 34.2% of the Bank's performing loans and receivables.

  Within the Retail and Private Banking Group, the Bank operates a private banking unit that serves customers with total deposits and investments at the Bank of at least TL 3,000,000. The services provided to these customers include those provided to other consumers as well as sophisticated investment products and derivatives and services such as providing information, guidance and advisory services for deposit and

investment products. As of 30 September 2023, the Bank had 9,703 private banking customers and performing loans and receivables to private banking clients of TL 0.3 billion.

- *Asset Liability Management and Treasury*. The ALM&T Group directs the Bank's policies relating to asset and liability management in accordance with the policies set by the ALCO. This department assesses and manages the Group's balance sheet, its interest and liquidity gap positions and its held to collect and sale and held to collect investment securities portfolios, reporting to the ALCO and the Board of Directors on these matters. This group is divided into two units: the ALM division and the Treasury division.

- *Global Markets*: The Global Markets Group provides sales and trading services for a wide set of global markets products (foreign exchange, rates, credits and derivatives) in accordance with mandates and limits approved by the Bank. The Global Markets Group serves all of the Bank's clients (*e.g.*, providing hedging solutions to corporate/SME clients and yield enhancement products to retail and wealth management clients) in close cooperation with the Bank's other business lines and support functions. The Global Markets Group's trading desk provides liquidity to counterparts, manages client flow and serves as a primary dealer for the Turkish Treasury.

For accounting purposes, the Group's business activities are classified within four business segments: "Retail Banking," "Corporate and Corporate Investment Banking," "SME Banking" and "Treasury/Head Office." For these purposes, "Retail Banking" principally comprises the Group's Retail and Private Banking Group (thus including micro SMEs), "Corporate Banking" principally comprises the Corporate and Corporate Investment Banking Group, "SME Banking" principally comprises the SME Banking Group and "Treasury/Head Office" principally comprises activities associated with the Bank's headquarters and (to the extent not included within the other accounting segments) its principal subsidiaries. A summary of certain financial information by segment as of (or for the year ended) 31 December 2022 and as of (or for the nine months ended) 30 September 2023 is set out below:

	As of (or for the year ended) 31 December 2022					
	Retail Banking	**Corporate and Corporate Investment Banking**	**SME Banking**	**Other**	**Elimination**	**Totals**
	(TL thousands)					
Dividend income	-	-	-	20,376	(12,617)	7,759
Profit before tax	663,372	2,975,976	813,904	10,957,349	(17,375)	15,393,226
Total assets	49,284,780	72,104,561	31,186,936	131,578,468	(618,724)	283,536,021
Total liabilities	134,626,362	51,402,414	20,788,852	77,337,117	(618,724)	283,536,021

	As of (or for the nine months ended) 30 September 2023					
	Retail Banking	**Corporate and Corporate Investment Banking**	**SME Banking**	**Other**	**Elimination**	**Totals**
	(TL thousands)					
Dividend income	-	-	-	25,602	(13,407)	12,195
Profit before tax	2,064,448	5,280,390	895,518	6,620,809	(13,407)	14,847,758
Total assets	62,208,429	87,856,781	38,253,739	181,039,304	(1,856,090)	367,502,163
Total liabilities	171,382,354	60,057,228	20,058,319	117,860,352	(1,856,090)	367,502,163

History

The Bank, which was established on 26 January 1927 as a joint-stock company based in İzmit named Kocaeli Halk Bankası A.Ş., began as a small-scale regional bank. Members of the Çolakoğlu Group acquired Kocaeli Halk Bankası A.Ş. in 1982 with a view to developing it into a full-service financial institution. The Bank's name was subsequently changed to Türk

Ekonomi Bankasi A.Ş. and, after focusing its attention on the foreign trade finance and investment banking businesses, its services were expanded to cover corporate banking as well as treasury activities and retail banking.

In a February 2000 initial public offering, the Bank's shares were listed for the first time on Borsa İstanbul and (in the form of global depositary receipts) on the London Stock Exchange plc, representing 20.00% of the Bank's then outstanding shares.

On 10 February 2005, 50.00% of the shares held by members of the Çolakoğlu Group in TEB Mali Yatirimlar A.Ş. (which owned 84.25% of the Bank's then outstanding shares) were acquired by BNP Paribas. As a result, BNP Paribas indirectly owned 42.125% of the Bank's shares and each of the BNP Paribas Group and the Çolakoglu Group owned 50.00% of TEB Mali Yatirimlar A.Ş.

In 2009, BNP Paribas acquired majority stakes in Fortis Bank Belgium and BGL (previously known as Fortis Bank Luxembourg), thereby becoming the indirect parent of Fortis Bank's subsidiary Fortis Bank Türkiye. In February 2011, a merger was completed through the transfer of all the assets and liabilities of Fortis Bank Türkiye to the Bank.

As a result of such merger, acquisitions of publicly listed shares and other transactions and the delisting of the Bank's shares in June 2015, TEB Holding (to which TEB Mali Yatırımlar A.Ş. was renamed) currently owns 55.00% of the Bank's shares, BNP Paribas (either directly or through subsidiaries) owns a further 44.98% of the Bank's shares and Kocaeli Ticaret Odası, the chamber of commerce for the province in which the Bank was founded, holds the remaining 0.02%. As a result, BNP Paribas directly or indirectly owns 72.48% of the Bank's shares and consolidates the Bank into its consolidated financial statements. See "Share Capital and Ownership."

Corporate and Corporate Investment Banking

The Bank's corporate banking segment serves businesses (including multinational corporations) with annual turnover of at least TL 300 million. Products and services provided by the Bank's Corporate and Corporate Investment Banking Group include trade finance, operations and investment finance, cash and risk management products, standard and derivative treasury products, corporate investment banking products, commodity finance and project finance. The primary sources of income of the Bank's Corporate and Corporate Investment Banking Group consist of interest income attributable to corporate and commercial loans, as well as commission income from letters of credit and guarantees. The Corporate and Corporate Investment Banking Group had loans and receivables of TL 77.8 billion as of 30 September 2023, which represented 44.3% of the Group's total loans and receivables (with an NPL ratio of 0.12% as of such date). The corporate segment also provided the Group with TL 25.1 billion in demand deposits as of 30 September 2023, representing 10.4% of the Group's total deposits.

Since 2016, the corporate and commercial loans market in Türkiye has grown at a CAGR of 25%, increasing from TL 863.2 billion in 2016 to TL 3.7 trillion in 2022, with total loan-to-GDP penetration increasing from 66.9% as of 31 December 2016 to 92.3% as of 31 December 2022, all according to the BRSA and Turkstat. The Bank's management believes that favourable government policies with respect to export-oriented businesses and medium- to long-term capital expenditures and acquisition finance projects offer strong growth potential for the corporate banking sector. Corporate banking has a relatively low NPL risk when compared to other segments.

The Group's corporate banking segment, including in coordination with other members of the BNP Paribas Group and the BNP Paribas Group's global network, targets both domestic companies and multinational companies operating in Türkiye and seeks to provide these sophisticated clients with customised services for their needs. For example, a "Multinational Desk" was established in the Bank's head office in 2006 to focus on multinational companies exclusively, followed by the establishment in 2021 of a separate branch for multinational clients.

As of 31 December 2023, the Corporate and Corporate Investment Banking Group served approximately 3,500 active customers through a network of 11 corporate branches in seven cities as well as the Bank's expert teams in its head office, including professionals focused on sales, sustainability, global banking, structured finance, project finance, financial institutions, securities and business management. As of the same date, credit limits were extended to approximately 2,130 customers of the Corporate and Corporate Investment Banking Group and credit exposure was extended to approximately 1,130 customers of the Corporate and Corporate Investment Banking Group.

The Corporate and Corporate Investment Banking Group works in collaboration with the Bank's other business units to provide high quality services not only for corporate clients, but also for their partners, employees, dealers and suppliers, aiming to deliver a high level of customer satisfaction throughout the value chain. The Corporate and Corporate Investment Banking Group also attempts to acquire new customers for different business segments and thereby create synergies within the Bank, such as through payroll services for the employees of corporate clients. Increasing the profitability of the Corporate and Corporate Investment Banking Group remains a primary goal of the Bank in the competitive Turkish market. In order to increase profitability, the Bank's Corporate and Corporate Investment Banking Group intends to increase non-risk income, penetrate further into the existing customer base and create additional profit for other business segments.

The Bank seeks to expand its cross-sales and synergy operations in an effort to provide its corporate customers with diversified products and services compatible with the sector's constantly changing competitive environment. The primary objective is to make it easier to sell a broader range of products to corporate customers through a single unit that is responsible for identifying their needs, taking appropriate action and making the services available for use as quickly as possible. The Bank's Corporate and Corporate Investment Banking Group's cross-sales and synergy operations are classified under two main headings: (a) in-house synergies and business development, including collaboration with the SME Banking Group and Retail and Private Banking Group, and (b) collaboration with the BNP Paribas Group and the Bank's subsidiaries.

Corporate and Corporate Investment Banking Products and Services

Loans and Receivables and Non-cash Loans. The Bank offers loan facilities predominantly in Turkish Lira, U.S. dollars and euro. Turkish Lira loans are generally short-term in nature, usually with maturities ranging from overnight to 365 days, and are principally for working capital financing; *however*, the Bank also extends medium-term loans with maturities over 365 and up to 1,095 days mainly to finance working capital requirements. The Bank also extends longer term facilities to corporate customers for industrial and manufacturing investment purposes in different sectors and, as described further below, project financing. The Bank provides non-cash facilities to companies in various industries through letters of guarantee, bid bonds and foreign trade non-cash products.

The Group's cash loans to corporate customers have grown from TL 29.9 billion as of 31 December 2020 to TL 77.7 billion as of 30 September 2023, whereas the Group's non-cash loans to corporate customers increased from TL 18.4 billion to TL 60.9 billion over the same period; *however*, a very significant element of this growth is due to the depreciation of the Turkish Lira and high levels of inflation. As noted above, the Corporate and Corporate Investment Banking Group's performing loans and receivables represented 44.3% of the Bank's performing loans and receivables as of 30 September 2023.

While the Group's lending to corporate clients cover numerous industries, the largest concentrations are in production, wholesale and retail trade, transportation and communication and financial institutions, which represented 37.8%, 8.0%. 5.1% and 4.6%, respectively, of the Group's cash loans to corporate customers as of 30 September 2023.

Project Finance. The Group's project finance business provides financing for many important projects, including privatisations, public-private partnerships, acquisitions and infrastructure projects, which have contributed to the growth of the Turkish economy. The Group's project finance clients are concentrated in the infrastructure, energy and commercial real estate sectors.

The Group's project finance division benefits from the global relationship network and services of BNP Paribas, particularly for non-Turkish sponsors of projects in Türkiye. In certain cases, the Bank and other members of the BNP Paribas Group can provide customers with joint financing and credit support for large-scale projects undertaken in Türkiye. This collaboration with the BNP Paribas Group also enables the Bank's customers to access international trade resources as well as offering them international export finance, procurement finance and corporate investment banking advisory services.

As of 30 September 2023, there was TL 10.1 billion of risk outstanding to 25 primary and secondary cash and non-cash project finance transactions.

Cash Management. In addition to providing credit facilities, the Group provides innovative cash management services to its corporate, SME and retail customers. Cash management is an important part of the Group's overall business and a key element of its strategy to increase demand deposits and service-related revenues. Cash management services include direct

debiting for payment of invoices, supplier finance systems, utility bills, social security and tax payments and providing foreign exchange transfers and remittance services as well as cash management solutions tailored for individual customers.

Pursuant to its cash management business, the Group seeks to: (a) provide cost efficient and innovative cash flow and payment solutions that can be customised according to client size and (b) create partnerships with large corporations utilising the Group's wide branch network and technological capability as well as the synergies provided by the collaboration with the BNP Paribas Group.

The Corporate and Corporate Investment Banking Group provides cash management services to corporate customers as well as customers of the SME Banking Group. These services are divided into four categories: (a) collection services, which includes (*inter alia*) include automated cheque clearing, domestic and cross-border incoming wire transfers, cash collection, promissory note collection, cheque endorsement, business-to-business (B2B) direct debits, virtual accounts and credit card acquiring), (b) payment services, which (*inter alia*) include domestic and cross-border payments, cheques, utility payments, tax payments, custom duty payments, payroll and direct debit payments as well as SMS customs duty payments, (c) liquidity services, which assists clients with supply chain finance, and (d) electronic and mobile banking, which utilises the Group's proprietary internet banking and mobile banking applications to provide payment, collection and other services.

All of the Bank's payment and collection services can be accessed over the TEB Internet Banking Application, including B2B direct debiting, supply chain finance, cross-border file transfers, credit card acquiring, global account management (third party account statement reporting) and foreign exchange operations. The Bank also offers: (a) a proprietary bank instruction management and electronic signature platform (Mobil-Ink) over which many types of bank instructions can be accepted and authenticated, (b) its TEB e-Invoice platform, pursuant to which the Bank provides its customers access to an electronic invoice and electronic archive solution, and (c) comprehensive host-to-host data exchange solutions for its clients for many cash management products.

Trade Finance. The Group's trade financing activities consist of pre-export financing, import financing, issuing, confirming and discounting export and import letters of credit and letters of guarantee, and availing and discounting export and import drafts and promissory notes. The Bank's Trade Finance team, in close cooperation with BNP Paribas' global network, provides its clients tailor-made solutions for their funded and unfunded long- or short-term trade finance needs.

In 2022, the Bank (according to figures published by the Society for Worldwide Interbank Financial Telecommunications (SWIFT)) had market shares in Türkiye of: (a) 3.2% for export-related letters of credit and 2.9% for import-related letters of credit, in each case in terms of transaction volumes, and (b) 4.2% for incoming letters of guarantee (*i.e.*, letters of guarantee received from other banks) for cross-border transactions and 6.2% for outgoing letters of guarantee (*i.e.*, letters of guarantee issued by the Bank on behalf of its customers) for cross-border transactions, in each case in terms of transaction numbers.

The Group's trade finance activities are funded through correspondent bank facilities matched in terms of currency and maturity and through general term loan facilities. The Bank also participates in various export credit programmes provided by overseas export credit agencies, such as Bpifrance Assurance Export, as well as the Turkish Eximbank cash and non-cash loan facilities and Central Bank rediscount programme that are available to finance Turkish exporters.

Through the Financial Institutions Division, the Bank maintains correspondent bank relationships with over 900 banks globally in 105 countries. The Bank maintains trade finance limits for more than 245 of these banks, allowing the Bank to serve its corporate and SME clients' trade finance transactions. These relationships also facilitate the Group's fund-raising efforts, such as the 22 banks that participated in the Bank's US$330 million syndicated loan facility obtained in November 2023.

SME Banking

The Bank's SME Banking Group offers its clients a range of products and services, including cash and non-cash loans, project finance products, investment loans, cash management services (see "– Corporate and Corporate Investment Banking Group – Cash Management Services") and deposits, and continues to design products and services with a particular focus on the needs of SMEs. The SME banking segment is divided into two sub-segments: (a) SMEs, which are entities with annual revenues of at least TL 7 million but less than TL 75 million, and (b) larger SMEs (referred to as "SME Plus"), which are enterprises with annual revenues of at least TL 75 million but less than TL 300 million. Micro SMEs, which are micro-

businesses with annual revenues of less than TL 7 million, are managed as part of the Retail and Private Banking Group. The SME Banking Group also maintains four divisions for specific categories of customers: (i) Gold, which focus on manufacturers, wholesalers, exporters and retailers in the jewellery sector, (ii) Agriculture, for SMEs operating in the agricultural production and related businesses, (iii) Start-up Banking, for technology entrepreneurs, and (iv) Local Government Banking, which serves municipalities and local governments.

According to data published by Turkstat, SMEs (including micro-SMEs) accounted for 99.7% of all companies in Türkiye, 71% of the workforce and 37% of Türkiye's GDP and contributed to 30% of Türkiye's exports in 2021 (which is the most recent data as of the date hereof). The Group expects SMEs to be the main driver of future growth in the banking sector, particularly given measures by Turkish regulatory authorities to promote lending to SMEs. The SME loans penetration (measured by total SME loans as a percentage of total loans in Türkiye) was 27.7% as of 30 September 2023 according to the BRSA.

The Bank supports SMEs in their efforts to gain competitive advantage over their domestic and global peers by providing them with information on business management. For example, since 2008, the Bank has provided a consulting service (SME Consultants) for SMEs, which services analyses SMEs not only from a financial perspective but also from the perspective of their production, sales and marketing, organisational structure, management strategy and human resources. Similar to the SME Consultants service, the Bank also offers the assistance of specialised experts for micro-businesses and agricultural customers. As of 31 December 2023, there were more than 140 SME consultants providing such services at the Bank's branches.

The Group's SME banking segment had loans and receivables of TL 38.3 billion as of 30 September 2023, which represented 21.5% of the Group's total loans and receivables. The SME segment also provided the Group with TL 5.9 billion in demand deposits as of 30 September 2023, representing 2.4% of the Group's total deposits.

Performing SME loans changed from TL 26.3 billion as of 31 December 2020 to TL 34.2 billion as of 31 December 2021, TL 43.0 billion as of 31 December 2022 and TL 38.3 billion as of 30 September 2023, over which period the NPL ratio for SMEs changed from 11.3% as of 31 December 2020 to 2.1% 30 September 2023. SME lending was reduced before the May 2023 elections, but has since been increasing. For SME loans, the Bank held a market share of 3.63% amongst non-governmental banks as of 30 September 2023 according to the bank-only financials published in the Public Disclosure Platform (www.kap.gov.tr). The share of SME Banking Group cash loans as a percentage of the Bank's total business cash loans fluctuated from 33.6% as of 31 December 2020 to 33.1% as of 31 December 2021, 29.9% as of 31 December 2022 and 21.5% as of 30 September 2023.

As small businesses, cash management is particularly important, and the Bank's POS terminals and "Patron Card" have long been two of the key products in the Bank's support (and acquisition) of new SME customers. The Patron Card, which is an integrated product developed to meet the needs of SMEs, consists of four primary products: (a) an instalment loan (under which customers can take out loans 24 hours a day without the need to go to a branch), (b) an overdraft account (for urgent cash needs and automatic bill payments), (c) a business credit card (for business expenses) and (d) optional life insurance. The Patron Card also offers exclusive additional benefits such as points for restaurant expenses, discounts on gas and other fuel from Total stations, discounts on airport parking and free services at airport lounges. This service can be utilised at ATMs as well as on-line, including via mobile banking.

The Bank requires its SME customer relations managers to undertake a one-year training dedicated to understanding the needs and management of SMEs, which training covers a range of topics such as the preparation of business plans, the development of long-term growth strategies and the improvement of marketing and sales activities, which training enables these SME customer relations managers to offer better solutions and proposals for customers' needs and help them prepare for the future.

Divisions

Gold Banking. The Gold Banking unit was established to offer manufacturers, wholesalers, exporters and retailers in the jewellery sector alternative investment tools and enable them to expand their investment portfolios with the aim of developing the most cost-effective solutions for the long-term financial needs of these customers. Through this initiative, the Bank offers gold loans (a type of loan provided to the jewellery industry on a gram basis, such as lending gold to jewellery manufacturers), holding a market share of 10.2% as of 30 September 2023 according to the BRSA.

The Bank has developed various solutions to the specific financial needs of jewellery sector customers, including gold loans as described above or specially tailored insurance product to protect inventory. The Gold Banking unit also provides investment products to retail and corporate customers, including time and deposit gold deposit accounts.

Agricultural Banking. The Bank has a large product portfolio in agricultural banking and maintains 94 branches solely dedicated to servicing agricultural clients. One of the larger advantages of the Bank's Agricultural Banking group is that the Bank's personnel are under the supervision of a group of managers who have extensive knowledge of the agricultural sector, which allows the Bank to set itself apart from competitors due to its ability to design useful products and services. In addition, these branches have Agricultural Banking Portfolio Managers who work directly with farmers, some of which staff are agricultural engineers with specialist qualifications who are familiar with the agricultural sector and farmers.

The Agricultural Banking group, which works with over 285,000 customers, provides both working capital and investment capital for farmers, such as allowing farmers to purchase agricultural inputs or meet their cash requirements through the "Harman Kart," a facility for producers that enables them to borrow funds and make payments based upon the time of their harvest. Similarly, through national agreements with companies that supply agricultural inputs, the Harman Kart allows farmers to receive benefits such as payment deferral and interest-free periods. In addition to providing working capital, the Bank also offers credit products to farmers for the purchase of all types of tractors and agricultural equipment, enabling them to expand or modernise their business.

As noted above, the Bank offers agricultural experts to assist SMEs in the agriculture sector with product-based marketing and sales strategies and helping them to increase their sales and marketing performance, which service began in 2017.

Start-up Banking. The SME Banking Group launched the Start-up Business Banking line in 2013, being the first bank in Türkiye to provide dedicated services to start-ups and aiming to promote entrepreneurship, which the Bank views as strategically important in Türkiye's development. To implement this business initiative, the Bank re-designed its financial and non-financial SME products and services for technology entrepreneurs specifically and customer representatives (who operate in eight of the Bank's branches) have been specially trained to better understand the needs of start-up and technology companies, including with respect to cash flow. For example, a start-up's ability to make payments and the tenor of potential loans are taken into account, and special financing options and free-of-charge banking transactions are offered.

Further supporting this effort, the Bank established "TEB Start-up House" in Ataşehir, İstanbul in 2013, which offers consulting services for entrepreneurs. In 2015, the Bank collaborated with TİM (Türkiye Exporters Assembly) to rebrand and opened additional "TİM-TEB Start-up Houses" in seven of the largest cities in Türkiye (İstanbul, Ankara, İzmir, Mersin, Denizli, Bursa and Gaziantep). At TİM-TEB Start-up House, start-ups and technology companies have access to consulting, mentorship and networking services as well as the opportunity to meet with potential investors and customers. In addition, the Bank offers stands at events (such as the Turkish Exporters Assembly Innovation Week) in which entrepreneurs are able to showcase their fledgling businesses and meet potential customers and investors.

The TEB Start-up Business Banking line provides both financial and non-financial services to start-ups and corporates and has matched hundreds of start-ups with hundreds of corporates, bringing them together at demonstration events, conferences and other venues. For example, start-up to corporate (S2C) events are held for start-ups and corporates with the aim to bring them together in order to finding collaboration opportunities. With these activities and services, the Bank seeks to play a key role in the growth of Türkiye's entrepreneurship ecosystem, the development of start-ups and the digitalisation process of SME companies. Recognising that the importance of the digital transformation in this sector is even greater than in other sectors, the Bank has decided to move its matchmaking efforts to the internet by establishing a website (startteb.com) in order to continue to be one of the most important parts of this digital transformation.

STARTTEB is a platform created by the Start-up Business Banking line and supported by the BNP Paribas Group to inspire, connect and match technology startups, SMEs, innovative corporates and investors. In this platform, start-ups can offer their products and services while corporates can post their projects (needs), allowing each to identify potential collaborations.

The Bank's efforts with start-ups also allow the Bank to identify innovations and technological advances, including in financial technologies, allowing the Bank itself to benefit from potential collaboration with start-ups to enhance the Bank's own processes. Over 2,000 start-ups have been served by the Bank's acceleration programmes and the Bank, in part due to these services, has over 2,500 start-ups as customers in its SME Banking business.

Local Government Banking. The Bank offers special products and services designed for municipalities and local governments, such as their access to finance, online/real time collection systems that enable citizens to pay fees and other duties owed to municipalities easily and without delay and advisory services in areas such as budget management. The Local Government unit serves 56 municipalities and, as of 30 September 2023, carried cash loans of TL 2.7 billion.

Retail and Private Banking

Overview

The Group's retail banking operations are housed in the Retail and Private Banking Group and consist of retail banking (*i.e.*, general mass consumer banking), affluent banking and private banking (each of which include various products and services, including time and demand deposits, bancassurance and a range of different loan products such as housing, car and personal loans and overdraft accounts), alternative distribution channels and Visa and Mastercard credit and debit cards. The Retail and Private Banking Group also covers micro SMEs (*i.e.*, SMEs with annual revenues of less than TL 7 million) and the Women's Banking division. Income from the Group's Retail and Private Banking Group includes net interest income from loans and receivables to/from retail customers and deposits collected from individuals and micro SMEs, as well as fee and commission income received from loan underwriting, asset management services, life insurance and property and casualty insurance products, credit and debit card-related services, settlements and cash-related transactions with or for individuals and micro SMEs. Retail banking is an area in which the Bank enjoys synergies with BNP Paribas, including through its personal finance, mobility, sustainability, ESG, customer experience, net promoter score (NPS) and digital technology policies and services.

Retail banking has been one of the principal drivers of the Group's growth in recent years and the Bank's management expects it to continue to be a major contributor to the Bank's loan growth and profitability. As of 30 September 2023, the Retail and Private Banking Group had approximately 2.63 million active customers and had performing retail loans and receivables (including mortgage, credit card and consumer loans (which comprise personal need loans, overdrafts and auto loans)) of TL 60.7 billion, representing 34.2% of the Group's performing loans and receivables.

The Bank's management believes that its approach of combining branches with alternative delivery channels has resulted in a network that is both productive and efficient. As of 31 December 2023, the Bank operated 397 retail branches and 1,574 ATMs, resulting in an average retail loan volume (as of 30 September 2023) of TL 150 million per retail branch. See also "– Branches."

The Bank's goals for its retail banking operations are to become a digital investment hub, increase its mass affluent orientation, increase the number of its mass affluent customers and increase digital engagement with customers, which it seeks to achieve by selected growth, high-quality customer experience, a well-established sales network, a qualified work force and a future-ready infrastructure. The Retail and Private Banking Group also aims to enhance the image of the Bank as an innovative and dynamic bank by offering products and services that respond to specific customer needs. For example, the Bank seeks to develop advanced deposit instruments to target core deposits and improve its deposit diversification, acquisition and retention.

Divisions

The Retail and Private Banking Group is divided into five main groups: the Retail Banking unit, the Affluent Banking unit, the Private Banking unit, the micro SME unit and the Women's Banking unit, each of which is described below.

Retail Banking. The Retail Banking segment, which had approximately 2.6 million active customers and represented 31.7% of the Group's retail loans and receivables (and 59.5% of the Group's retail deposit base) as of 30 September 2023, is served through a standardised product set and packaged offerings. This segment serves customers that do not qualify for the Affluent Banking unit or Private Banking Department (*i.e.*, those having deposits and investments with the Bank up to TL 300,000).

Customer acquisition in retail banking is mostly executed through consumer loan, credit card, mortgage sales and salary and pension accounts. Salary and pension payment programmes are central pillars in the Bank's customer acquisition process as both increase the number of customers as well as create a good platform for frequent customer communication. For example, as of 31 December 2023, over 10,000 companies made salary payments through the Bank covering over 600,000

employees, each of which is thus a customer of the Bank and many of which utilise additional products or services offered by the Group. The Bank deploys campaigns and other programmes from time to time to attract retail customers, increase cross-selling ratios and/or enhance the Bank's image in the minds of customers and potential customers.

Affluent Banking. The Affluent Banking unit, which had approximately 147,000 customers and represented 5.1% of the Group's retail loans and receivables (and 51.6% of the Group's retail deposit base) as of 30 September 2023, serves retail customers with deposits and investments with the Bank in excess of TL 300,000 but not qualifying for private banking services as well as certain other customers identified as potential affluent customers. As a result, this unit targets executives of large companies, wealthy retirees, healthcare and legal professionals and owners of larger SMEs as its core customer base, including via targeted packages (*e.g.*, the "Lawyers Package") to professionals tailored to address their needs and support their professional development beyond banking transactions. The Bank's aim for 2024 is to maintain its 2023 ranking amongst the top five in the Turkish affluent banking market by customers (according to benchmark studies conducted by the Bank's marketing department).

Compared to Retail Banking customers, the Affluent Banking unit's customers are offered favourable and more tailored and sophisticated products and services, such as advantageous pricing, non-financial services (including discounts, concierge and lifestyle services) and the TEB Priority Signature Card (an exclusive card with significant bonuses and benefits). In addition, they have access to asset management services, including deposit and investment products such as the "Marifetli" Account, which is a deposit product that pays interest daily and gives flexibility to customers for depositing money, withdrawing money and savings.

The Bank offered Affluent Banking services in 184 of its branches as of 31 December 2023, primarily in larger or wealthier cities such as İstanbul, Ankara and İzmir.

Private Banking. The Private Banking unit, which had 9,703 customers and represented 30.7% of the Group's retail deposit base as of 30 September 2023, offers its customers the same products and services offered to other retail customers along with a range of additional or enhanced products and services, including those relating to wealth management, investment products and discretionary portfolio management and advisory services for real estate. To qualify for Private Banking services, a customer generally must have total deposits and investments with the Bank of at least TL 3,000,000.

One example is the "TEB Private Angel Investment Platform," a consultation service that includes alternative investment products and innovative ideas for "angel investment." In 2018, the Bank was the first in Türkiye to be accredited by the Treasury to issue "Angel Investor Licenses," which role it served in for five years, providing the Bank with important relationships and a strong reputation among entrepreneurs and investors through its ability to offers clients of the Private Banking unit the opportunity to receive such licenses and reach new investment opportunities through this programme. The Bank has followed-up on this programme in other ways, including via its start-up offerings discussed elsewhere herein.

The Private Banking unit operates in a centralised format from the Bank's head office in İstanbul operating through 14 regional sales management teams that offer Private Banking services to all of the high net worth clients of the branches in their designated regional area. In addition, Private Banking activities are carried out by qualified private bankers located in corporate branches in which there is a relatively high number of Private Banking clients sourced from corporate banking relationships. Clients referred to these branches are mostly the owners, shareholders and executives of companies and their families who use the Bank's corporate branches. These relationships are important sources of potential new business for other departments within the Bank through connecting the Bank to these influential customers.

As of 31 December 2023, the Private Banking unit had 9,703 customers, a dedicated Private Banking branch and 11 Private Banking Centres, which are dedicated offices servicing Private Banking customers. The primary aim of the Private Banking Department is for the Bank to develop a deep, long-term banking relationship with its customers, understand their investment profiles and risk concerns fully and be able to offer them tailored products and solutions.

Micro SMEs. The Micro SME unit, which had 836,742 customers and represented 20.7% of the Group's retail loans and receivables (and 14.7% of the Group's retail deposit base) as of 30 September 2023, serves these smallest of SMEs generally with the same products and services offered to retail customers along with a range of additional or enhanced products applicable to small businesses (in some cases, coordinating with the SME Banking Group).

As micro businesses, cash management is particularly important, and the Bank's POS terminals and "Patron Card" have long been two of the key products in the Bank's support (and acquisition) of new SMB customers. The Patron Card is an integrated product developed to meet the needs of micro SMEs, consists of four primary products: (a) an instalment loan (under which customers can take out loans 24 hours a day without the need to go to a branch), (b) an overdraft account (for urgent cash needs and automatic bill payments), (c) a business credit card (for business expenses) and (d) optional life insurance. Patron Card also offers exclusive additional benefits such as points for restaurant expenses, discounts on airport parking. This service can be utilised at ATMs as well as on-line, including via mobile banking.

Women's Banking. Companies started, managed and/or owned by women offer the Turkish banking sector a growth segment, which the Bank has sought to support via the development of a Women's Banking unit in 2015 (currently supporting approximately 30,000 such customers). This business, which is aligned with the Bank's relationship and consultancy banking approach, builds upon the Bank's expertise of providing non-financial services by offering services including TEB Women Academy, Financial Literacy and partnerships with non-governmental organisations (NGOs) that support women, such as WEConnect International.

The Women's Banking unit provides women-led and -owned SMEs with financing, information and advisory support, including through packages of products and services in areas such as finance, markets, training and networking, while also collaborating with leading international organisations seeking to empower women in economic activity. The Women's Banking unit also works towards making the Bank be the most desired bank to work at by women in Türkiye.

The target group for the Women's Banking unit is SMEs in which: (a) women own more than 51% of the shares or (b) in which women own from 20% to up to (but excluding) 51% of the shares and there is at least one woman holding a managerial position with authority to sign documents on behalf of the company.

The Women's Banking strategy focuses on the following principal categories aimed at assisting women in business: (a) access to finance, (b) access to information, (c) access to markets and (d) access to mentoring, each of which is discussed further below:

> Access to finance. In order to overcome challenges regarding providing women with access to finance, the Bank has developed special financial products. These products include (*inter alia*): (i) loans funded from international developmental institutions (such as European Bank for Reconstruction and Development) that allow the Bank to provide unsecured loans to women and (ii) loans for women with special interest rates.
>
> Access to information. The Bank aims to provide women with better access to financial information when running their business. In line with this aim, the Bank offers special trainings for women customers on topics such as e-commerce, foreign trade and exports.
>
> Access to markets. The Bank encourages women led-SMEs to become a member of WEConnect International, which is a global network for women suppliers with which the Bank has established a partnership. The Bank also provides special training programmes relating to supply chains.
>
> Access to mentorship. The TEB Takım Yıldızı Project (TEB Star Cluster Project) was initiated by the Bank in 2017, through which the Bank gives selected branch managers training on supporting women-led and -owned SMEs, including in the preparation and execution of their business plans and expanding their business by exploring new markets and customers through marketing and sales activities. These branch managers offer mentoring opportunities tailored to the needs of women.

Products and Services

The Group offers many products and services to its Retail and Private Banking customers, the most important of which are loans, deposits and bancassurance, each of which is described below.

Loans. The following table sets forth the Bank's consumer loan portfolio (*i.e.*, those for the Retail and Private Banking Group other than micro SMEs and other non-individuals) per category as of the indicated dates.

	As of 31 December			As of 30 September 2023
	2020	2021	2022	
	(TL thousands)			
Personal need loans	13,129,827	16,981,606	22,446,671	27,798,386
Credit card loans	3,148,631	4,960,780	9,131,477	14,483,584
Auto loans	312,769	254,167	271,214	1,136,404
Mortgages	3,864,234	3,367,747	2,688,514	2,251,374
Overdrafts and other loans	617,882	1,056,428	1,897,230	2,008,879
Total consumer loans	**21,073,343**	**26,620,728**	**36,435,106**	**47,678,627**

Personal Need Loans: Personal need loans are used for a wide spectrum of needs including instant cash needs, home refurbishments and education fees. The Bank offers personal need loans through its retail branches and digital channels.

The Bank's market share in personal need loans (by the total loan amount but excluding government-owned banks) in Türkiye was 5.0% as of 30 September 2023, ranking seventh among non-governmental banks in the Turkish banking sector according to statistics published by the BRSA. As of 30 September 2023, the Group had outstanding personal need loans of TL 27.8 billion, which comprised 58.3% of the Retail and Private Banking Group's loan portfolio as of such date. The Bank's management views personal need loans as an important part of the Bank's retail and private banking strategy and intends to develop new products and distribution channels to increase market share in personal need loans.

Credit Card Loans: The Bank (for use by its Retail and Private Banking Group and other customers) issues Visa, Mastercard and Troy credit cards under various names, including the "TEB Yıldız Priority Card" (an exclusive card with significant bonuses and benefits), the "Girişimci Kart" (a card tailored for start-up entrepreneurs), the "SheCard" (a card offering special privileges for the purchase of clothing and cosmetics by women) and the "Harman Kart" (a card for the use of farmers' agriculture-related expenses, providing loans for products such as fertilizer, seeds and feed grain).

The Bank earns interest income on outstanding credit balances, transaction commissions from merchants, cash withdrawal fees, annual membership fees from cardholders and other service-based fees such as insurance fees and payment fees. As of 30 September 2023, the number of retail credit cards issued by the Group exceeded 2.4 million and, according to statistics published by the Turkish Interbank Card Centre (*Bankalararası Kart Merkezi*), represented 2.6% of the total Turkish retail credit card market. The Group's performing retail credit card loan portfolio was TL 14.5 billion and represented 30.4% of the Retail and Private Banking Group loan portfolio as of 30 September 2023.

The Bank had a 2.1% market share of the credit card market (by the total loan amount) in Türkiye as of 30 September 2023, according to statistics published by the BRSA, ranking seventh among non-governmental banks in the Turkish banking sector. Following adverse regulatory changes in 2023 that impacted the profitability of the Group's credit card business, the Group's management decided to moderate the growth of its credit card loans.

Auto Loans: The Bank offers term loans to its retail, affluent and private banking customers to finance the acquisition of automobiles, with the Group providing car loans of up to 70.0% of the automobile's value for new vehicle purchases. As of 30 September 2023, the Group had outstanding auto loans of TL 1.1 billion, representing 2.4% of the Group's retail loan portfolio. The Bank's market share in Türkiye for auto loans (by the total loan amount) as of 30 September 2023 was 1.8% according to statistics published by the BRSA. In 2023, auto loans have significantly increased as a result of increased customer demand (including as a result of a desire to purchase a vehicle to protect against price inflation), market conditions and improving perceptions of the Bank.

Mortgages: The Group offers consumers a variety of mortgage products covering mortgage loans of up to 120 months, with mortgages having an average size of TL 75,982 as of 30 September 2023. Each of the Group's mortgage loans is secured with collateral that is required to have a value in excess of the relevant loan at all times. As of 30 September 2023, the Group had outstanding mortgage loans of TL 2.3 billion, which comprised 4.7% of the Retail and Private Banking Group's loan portfolio as of such date. Since 2020, mortgage loans have been reducing

both on a nominal and relative basis as a result of the COVID-19 pandemic and its aftermath, credit risk practices throughout the Turkish banking sector, the Bank's credit allocation policy, high inflation, volatile interest rate and increased regulation. The Bank had a 0.75% market share of the retail mortgage loan market in Türkiye as of 30 September 2023 according to statistics published by the BRSA.

Overdrafts and other Loans: The Bank provides overdraft loans as an additional feature for debit card holders, permitting them to access cash instantly and easily. The Bank had a 1.5% market share in overdraft products as of 30 September 2023 according to statistics published by the Banks Association of Türkiye. Total outstanding overdraft and other loans as of 30 September 2023 were TL 2.0 billion, representing 4.2% of the Group's retail loan portfolio.

Applications for personal loans can be made by SMS, over the internet, via the Bank's mobile app, through the Bank's call centre and in branches. The Bank seeks to identify or create other non-branch channels to facilitate the application process and lower the Bank's cost of processing loan applications, such as enhancing the Bank's digital channels, using the services of third parties such as post offices and POS terminals and expanding preapproved loans.

Deposits. The Bank offers both demand and time deposits to its retail customers. The following tables set forth the deposits from the Retail and Private Banking Group's customers per category and currency (for foreign currencies other than U.S. dollars, converting each into U.S. dollars using the Bank's foreign exchange rates as of the end of the applicable period) as of the indicated dates.

	As of 31 December			As of 30 September
	2020	2021	2022	2023
		(TL thousands)		
Demand Turkish Lira deposits	4,973,000	6,551,000	12,646,000	17,319,000
Time Turkish Lira deposits	23,729,000	28,067,000	71,148,000	89,765,000
Total Turkish Lira retail deposits	**28,702,000**	**34,618,000**	**83,794,000**	**107,084,000**

	As of 31 December			As of 30 September
	2020	2021	2022	2023
		(US$ thousands)		
Demand foreign currency deposits	1,809,000	2,054,000	1,632,000	1,569,000
Time foreign currency deposits	2,051,000	1,690,000	1,044,000	745,000
Total foreign currency retail deposits	**3,860,000**	**3,744,000**	**2,676,000**	**2,314,000**

As of 31 December 2020, 2021 and 2022 and 30 September 2023: (a) Turkish Lira demand deposits represented 17.3%, 18.9%, 15.1% and 16.2 %, respectively, of the total deposits for customers of the Retail and Private Banking Group and (b) foreign currency demand deposits represented 46.9%, 54.9, 61.0% and 67.8%, respectively, of the total deposits for customers of the Retail and Private Banking Group.

As a result of announcements by the Central Bank and the Turkish Treasury near the end of 2021, the Bank launched new deposit products that provide customers holding Turkish Lira and foreign currency accounts the ability to earn returns without losing value in foreign currency terms based upon the exchange rates at the opening and maturity dates of such accounts.

Bancassurance: The Bank offers both life and non-life insurance and pension products to its customers through its exclusive agency agreements in Türkiye with: (a) BNP Paribas Cardif Emeklilik A.Ş. for the sale of private pension plans and term life insurance and protection life and unemployment insurance and (b) Zurich Sigorta A.Ş. for the sale of non-life insurance. The Bank aims to position itself as a single provider from which a customer can purchase all the insurance products that it requires and, in this respect, seeks to analyse the insurance needs of its customers and to offer them the most appropriate insurance product range. The Bank also believes that its retail and private banking customers offer significant scope for growing its bancassurance business.

Securities Services and Turkish Lira Cash Clearing

TEB Securities Services and Turkish Lira Cash Clearing, which is a business unit within the Corporate and Corporate Investment Banking Group, was established in 2007 and operates as the Turkish arm of BNP Paribas Securities Services. Its main activity is asset servicing for the portfolio investments of non-resident institutional investors in the Turkish capital markets, servicing international central securities depositories, global custodians, global broker dealers and banks. Besides high-quality custodial services, it also provides bundled execution and clearing services for listed derivatives, collateral management and account operating services. This unit also provides asset- and fund-related services for local funds and asset management companies and Turkish Lira cash clearing services for non-resident banks.

Asset Liability Management and Treasury Group

The ALM&T Group directs the Bank's policies relating to asset and liability management in accordance with the policies set by the Bank's ALCO (see "Management – Committees"). This group assesses and manages the Group's balance sheet, its interest and liquidity gap positions and its held to collect and sale and held to collect investment securities portfolios, reporting to the ALCO and the Board of Directors on these matters. The ALM&T Group is divided into two units: the ALM division and the Treasury division, which are described in further detail below.

ALM Division. The ALM Division is responsible for administering the balance sheet of the Bank by assigning the transfer pricing cost for all products to the network, controlling the Bank's long-term interest rate and liquidity gaps, hedging the Bank's asset/liabilities book and managing the Bank's investment portfolio. While aiming to achieve the net interest income budgeted by the Bank's management, the ALM Division is also responsible for making sure the Bank adheres to financial ratios either internally established by the Board of Directors or externally dictated by regulatory authorities such as the BRSA. In addition, the ALM Division cooperates with multilateral financial institutions (such as the European Bank for Reconstruction and Development and the International Finance Corporation) to manage the Bank's balance sheet, investigating opportunities such as for long-term sources of funding. The ALM Division uses state-of-the-art risk and ALM software, including some developed in conjunction with BNP Paribas.

Treasury Division. The Treasury Division is responsible for managing the short-term liquidity needs of the Bank by funding the bank's balance sheet or placing excess liquidity. As needed, it searches for alternative funding sources, developing new funding techniques or products and improving currently used ones. The Treasury Division is also responsible for managing the Bank's electronic funds transfer system and closely monitoring the Central Bank's monetary policies.

Global Markets Group

The Global Markets Group provides sales and trading services for a wide set of global markets products (foreign exchange, rates, credits and derivatives) in accordance with mandates and limits approved by the Bank. The Global Markets Group serves all of the Bank's clients (*e.g.*, providing hedging solutions to corporate/SME clients and yield enhancement products to retail and wealth management clients) in close cooperation with the Bank's other business lines and support functions. The Global Markets Group's trading desk provides liquidity to counterparts, manages client flow and serves as a primary dealer for the Turkish Treasury.

Branches

As of 31 December 2023, the Bank maintained a branch network of 444 branches (including four branches in Northern Cyprus), consisting of 236 mixed-service branches, 160 retail-only branches (of which four serve payroll customers only, six are university-based branches and one is a Private Banking branch), 11 corporate-only branches, 11 SME Plus branches, 12 branches with a sole focus on agricultural clients, one free-trade zone branch and two mobile branches. The Bank's branches in Türkiye are in 71 cities, with the largest presence being in İstanbul, Ankara and İzmir.

The Bank seeks to optimise its branch locations to reflect trends in the market, including the increasing migration to digital channels. The following table sets forth information relating to the Bank's branch network and customer numbers for the periods indicated.

	As of 31 December			
	2020	2021	2022	2023
Total number of branches	455	455	448	444
Number of active retail customers	2,455,291	2,580,896	2,922,583	2,663,130

Alternative Delivery Channels

In line with its strategy of offering customers a high level of service, the Bank uses a variety of alternative delivery channels to reach customers, including ATMs, POS terminals, internet banking and a 24-hour call centre. In addition to providing its customers with easy and quick access to banking services, the use of alternative delivery channels contributes to significant cost savings as a result of reduced overhead. As a result, the Bank actively promotes increased used of its digital banking channels instead of branches.

As of 30 November 2023, the Bank had 1,568 ATMs and a 2.98% share of the number of ATMs in the country. The Bank's entire ATM network has intelligent cash deposit and coin functions, which allow the Bank's ATMs to provide services that are normally provided by a branch. As of the same date, 99.6% of the ATM network consisted of ATMs that not just accept but can also validate, sort and store banknotes, which banknotes can then be made available to customers who wish to take out cash and thus reducing the Bank's cash replenishment costs and improving the ATMs' service availability.

In the first 11 months of 2023, 92% of cash deposits, 85% of cash withdrawals, 97% of credit card payments, 85% of bill payments and 98% of money transfers by the Bank's customers were made through the Bank's ATMs and other digital banking channels. In November 2023 (the last month for which such information is available), a number of customers equal to 82% of the Bank's active customers used the Bank's CEPTETEB Digital Banking system (increasing from 68% in December 2022) and a number of customers equal to 79% of the Bank's active customers used the Bank's CEPTETEB Mobile Banking application (increasing from 63% in December 2022). This increasing use of digital banking channels has positively contributed to the Bank's cost-to-income ratio by allowing the Bank to avoid (and even reduce) its branch network.

The Group's call centre, with 812 telesales and inbound customer representatives as of 31 December 2023 providing 24/7 service, completed 18.4 million interactions in 2023: over 5.8 million outbound calls were made for telesales and approximately 12.6 million calls were received from customers regarding banking and investment transactions, credit cards and other banking products. Approximately 98% of incoming calls were handled by customer representatives.

Subsidiaries

The following table gives details as of 31 December 2023 for each of the Bank's subsidiaries:

Entity	Business	Percentage held
TEB Yatırım Menkul Degerler A.Ş.	Brokerage	100.00%
TEB Faktoring A.Ş.	Factoring	100.00%
TEB Portföy Yönetimi A.Ş................................	Brokerage	54.74%
TEB Finansman A.Ş.	Consumer Finance	100.00%
TEB ARF Teknoloji A.Ş...................................	Information Technology	100.00%

Each of these companies (with the exception of the non-financial subsidiary TEB ARF Teknoloji A.Ş) is fully consolidated within the Group's accounts. In the analysis that follows of the Bank's subsidiaries' businesses, all amounts are before elimination of intercompany transactions and balances with the rest of the Group.

TEB Yatırım Menkul Degerler A.Ş.

TEB Yatırım Menkul Degerler A.Ş., which started its operations in 1996, provides a wide range of capital markets services to both individual and institutional investors, including trading brokerage activities in both Türkiye and abroad, portfolio brokerage activities in Türkiye, investment consultancy activities, underwriting securities offerings and custody services. The company ranked 19th by volume of stocks traded on the Borsa İstanbul with a 1.7% market share, according to a breakdown of stock market transactions by Borsa İstanbul members, in the first nine months of 2023.

As of 30 September 2023, the company's total assets were TL 1,933.3 million and its shareholders' equity was TL 683.5 million, and its current period profit/loss for 2020, 2021, 2022 and the first nine months of 2023 was TL 78.9 million, TL 105.3 million, TL 153.4 million and TL 269.9 million, respectively.

TEB Faktoring A.Ş.

TEB Faktoring A.Ş., which was founded in September 1997, offers a wide range of factoring facilities to companies of various sizes in different sectors. Its main activities are invoice discounting, cheque discounting, supplier finance and international factoring (direct export and import system and the two-factor system). As of 30 September 2023, the company's total assets were TL 8,739.7 million and its shareholders' equity was TL 735.1 million, and its current period profit/loss for 2020, 2021, 2022 and the first nine months of 2023 was TL 29.4 million, TL 54.3 million, TL 208.7 million and TL 286.7 million, respectively.

In terms of total assets, the company had a market share of 4.8% among Turkish factoring companies as of 30 September 2023 according to the BRSA. In 2023, the number of the company's customers exceeded 1,640. The manufacturing, wholesale & retail and financial institution sectors represented 67.8%, 6.7% and 5.0%, respectively, of the company's total receivables as of 30 September 2023.

TEB Portföy Yönetimi A.Ş.

TEB Portföy Yönetimi A.Ş., which was established in 1999, actively operates in mutual funds management, pension funds management, discretionary portfolio management and advisory services. As of 30 September 2023, the company managed 47 mutual funds and 37 pension funds with an aggregate of TL 79.2 billion under management.

As of 30 September 2023, the company's total assets were TL 174.7 million and its shareholders' equity was TL 134.0 million, and its current period profit/loss for 2020, 2021, 2022 and the first nine months of 2023 was TL 13.6 million, TL 18.0 million, TL 38.9 million and TL 71.1 million, respectively.

TEB Finansman A.Ş.

TEB Finansman A.Ş./TEB Cetelem, which was founded in 1995, is 100.00% owned by the Bank, which purchased 85.58% of the company's shares from BNP Paribas Personal Finance S.A. in 2023. The company is a consumer financing company offering auto loans to corporate and individual customers. In the first nine months of 2023, the number of the company's customers exceeded 26,000.

As of 30 September 2023, the company's total assets were TL 3,483.0 million and its shareholders' equity was TL 705.4 million, and its current period profit/loss for 2020, 2021, 2022 and the first nine months of 2023 was TL 54.2 million, TL 61.7 million, TL 98.2 million and TL 133.7 million, respectively.

TEB ARF Teknoloji A.Ş.

TEB ARF Teknoloji A.Ş., which was founded in 2020, undertakes research and development and innovation projects in the field of financial technology. The company recorded TL 109.8 million in sales and TL 7.6 million in net profit in 2022, during which it concentrated on R&D activities on digital technologies, advanced data analytics and artificial intelligence (AI). During the first nine months of 2023, the company achieved TL 159.9 million in sales and TL 16.1 million in net profit, during which it has focused on offering services relating to digital technologies, machine learning and AI solutions. To date, these services have primarily been provided to other members of the TEB Group; *however*, the company has started providing such services to other organisations in need of fintech-based solutions.

The Company intends to focus on developing machine learning and AI solutions that support the TEB Group's risk, efficiency and penetration optimisation targets in 2023. In particular, solutions targeted at more effective credit risk assessment and fraud detection, pricing optimisation, increased efficiency of sales processes and enhancement of customer experience will be the main focus areas.

Credit Commitments and Contingent Items

In the normal course of its business activities, the Group undertakes various commitments and incurs certain contingent liabilities that are not presented in the consolidated financial statements. The following table sets out these contingent liabilities as of the indicated dates:

	As of 31 December			As of 30 September
	2020	2021	2022	2023
	(TL thousands)			
Loan commitments	**20,024,389**	**33,502,484**	**44,244,389**	**69,506,520**
Total non-cash loans	**10,061,852**	**17,438,188**	**25,232,484**	**33,258,885**
Letters of credit	*5,025,525*	*10,343,834*	*15,650,244*	*20,634,753*
Bank acceptances	*16,573*	*33,680*	*23,623*	*91,719*
Other commitments	*3,976,672*	*5,663,908*	*7,350,992*	*9,977,982*
Other contingencies	*1,043,082*	*1,396,766*	*2,207,625*	*2,554,431*
Total guarantees, suretyships and similar transactions	**14,183,394**	**21,094,089**	**30,031,952**	**43,057,865**
Guarantee letters	*9,864,566*	*13,828,475*	*17,249,510*	*26,458,385*
Advance guarantee letters	*2,244,080*	*3,937,404*	*6,944,286*	*8,258,234*
Guarantee letters given for customs	*481,964*	*662,089*	*961,508*	*1,183,207*
Temporary guarantee letters	*332,396*	*616,871*	*1,517,892*	*1,498,945*
Other guarantee letters	*1,260,388*	*2,049,250*	*3,358,756*	*5,659,094*
Total trading derivative transactions	**103,325,478**	**180,719,006**	**310,913,702**	**389,875,635**
Total hedging related derivatives	**24,007,441**	**29,455,518**	**19,489,643**	**17,161,995**
Custody and pledges received	**221,018,391**	**269,389,327**	**348,340,792**	**473,288,904**
Items held in custody	*39,631,255*	*54,988,521*	*81,911,980*	*130,432,650*
Pledges received	*177,803,718*	*213,927,712*	*264,084,090*	*341,285,495*
Accepted bill, guarantees and warranties	*3,583,418*	*1,103,094*	*2,344,722*	*1,570,759*
Total off-balance sheet commitments	**392,620,945**	**551,598,612**	**778,252,962**	**1,026,149,804**

Intellectual Property

The Group's operations are not, to any significant extent (other than for the purposes of brand recognition and value), dependent upon any specific intellectual property right. The Group seeks to protect the trademarks and trade names that it deems necessary for its operations, and the Bank's management believes that these rights are sufficiently protected.

Insurance

The Bank has a world-wide bankers blanket bond insurance policy for the Bank's operations in Türkiye. This insurance policy covers cash assets, assets (including cash) in transit, ATMs. and safe deposit boxes, as well as corrupt practices on the part of the Bank employees or use or abuse of the Bank's resources for their own benefit. Third-party fraud, particularly relating to internet banking, electronic funds transfer, securities trading and custody, is also covered. The Bank's automated systems are insured against damage caused by cyber attacks. New branch offices are insured automatically from their date of establishment. The Bank's management believes that the amount of insurance coverage that is presently maintained represents the appropriate level of coverage required to insure the business of the Group. For information on deposit insurance protection for the Bank's depositors, see "Turkish Regulatory Environment – The Savings Deposit Insurance Fund (SDIF)."

Competition

The Group competes with other banks, financial services firms and a wide range of insurance companies in providing banking, mutual fund, capital markets and advisory services and financial and insurance products. As of 31 December 2023, 54 banks (including domestic and foreign banks but excluding the Central Bank) were operating in Türkiye, 35 of these were deposit-taking banks (including the Bank) and the remaining banks were development and investment banks (eight participation banks, which conduct their business under different legislation in accordance with Islamic banking principles, are not included

in this analysis). For more information regarding the Bank's competitors, see "The Turkish Banking Sector." See also "Risk Factors – Risks Relating to the Group and its Business – Operational Risks – Competition in the Turkish Banking Sector."

Legal Proceedings

The Bank and its subsidiaries are defendants in certain claims and legal actions arising in the ordinary course of business. The Group is not involved in any litigation, arbitration or other administrative proceedings that, if decided against the Bank or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on its business, results of operations or financial condition. There are no material proceedings pending in which any director of the Bank, any member of its senior management or any of the Bank's affiliates is either a party adverse to the Bank or any of its subsidiaries or has a material interest adverse to the Bank or any of its subsidiaries. As of 30 September 2023, the Group had made provisions for litigation of TL 207.3 million.

Information Technology

The Group makes use of recent and innovative technologies, including those developed in coordination with BNP Paribas, which enables it to provide customers with high service quality and product diversity. The Bank's management believes that innovation and utilisation of technology support the Group's long-term strategic direction, help accelerate innovation and expand the Group's customer base and satisfaction. The Bank intends to continue to invest in information technology in order to keep and strengthen its competitive position in the sector and increase stockholder value. The Group also operates a modern disaster recovery centre to serve its banking operations in the case of an emergency.

The Bank's Information Technology unit is responsible for the Group's information technology strategy and planning and all related technical services. This unit assesses the Group's future operational needs and develops and implements, or identifies and acquires, new IT systems to meet them, in each case with reference to the Group's overall technology strategy and primary aim of delivering efficient, cost-effective systems and solutions.

The Group's key strategic objectives in relation to IT are to: (a) continue to support its existing business strategy by translating banking and financial business requirements into cost-effective technology solutions, (b) improve the productivity, cost efficiency and operational efficiency of its IT processes, (c) provide and support alternative product distribution channels such as telephone banking and internet banking for all of its customer base (both corporate and retail), (d) promote synergy across the Group though common and, where possible, integrated applications for cross selling products and services and (e) ensure security, data backup, disaster recovery, network support and maintenance throughout all of the IT systems in the Group.

Employees

The Bank places a high priority on recruiting and retaining the highest quality staff in alignment with its long-term business strategies and regards its staff as its most significant resource. The Bank also aims to provide a high level of personal and professional training that is both role-oriented and designed to develop certain skills and competencies and promote a coherent, unified corporate culture.

The Bank aims to compensate its employees competitively as well as providing appreciation and recognition programmes, internal communication activities and retention plans. With the goal of establishing long-term and efficient relationships with employees, the Bank analyses employee engagement and satisfaction and takes actions as needed. The Bank's management believes that the Group's relations with its employees are positive.

The following table sets forth the number of employees of the Group by operation as of each of the indicated dates:

	As of 31 December			**As of 30 September**
By operation	**2020**	**2021**	**2022**	**2023**
Head Office	3,036	3,076	3,324	3,254
Branches	4,652	4,310	4,155	3,799
Regional offices	1,162	1,186	1,244	1,186
Subsidiaries	279	297	331	405
Total	**9,129**	**8,869**	**9,054**	**8,644**

Property

The Bank's principal properties, including its head office, are located primarily in İstanbul. The Bank operates most of its branches based upon medium-term leases, with typical lease periods of five to 10 years. Some of the Bank's subsidiaries companies own their own properties while others lease the premises in which they operate.

Anti-Money Laundering, Combatting the Financing of Terrorism and Anti-Bribery Policies

Türkiye is a member country of the FATF and has enacted laws to combat money laundering, terrorist/proliferation financing and other financial crimes. Minimum standards and duties include customer identification, record keeping, suspicious activity reporting, risk management and monitoring activities, employee training, audit functions and designation of a compliance officer. Suspicious transactions must be reported to the Financial Crimes Investigation Board (*Mali Suçları Araştırma Kurulu*) (the "*FCIB*"), which is the Turkish financial intelligence unit. In Türkiye, all banks and their employees are obliged to implement and fulfil certain requirements regarding the treatment of activities that may be referred to as money-laundering or terrorist/proliferation financing.

The main provisions of the applicable law include regulation of: (a) client identification, (b) reporting of suspicious activity, (c) training, internal audit and control, risk management systems and other measures, (d) periodic reporting, (e) information and document disclosure, (f) retention of records and data, (g) data access systems to public records, (h) protection of individuals and legal entities and (i) written declaration of beneficial owners by transacting customers, among other provisions. Suspicious transactions must be reported to the FCIB.

The Bank, including as consistent with BNP Paribas Group policies, has adopted and maintains a risk-based compliance programme that the Bank's management believes is reasonably designed to comply with applicable anti-money laundering, anti-corruption, countering the financing of terrorism and Sanctions laws. The Bank has established a compliance programme, which has been implemented throughout the Bank and its subsidiaries, consisting of the following elements: (a) written policies, procedures, systems and internal controls designed to comply with applicable anti-money laundering, anti-corruption, countering the financing of terrorism and Sanctions laws, (b) dedicated personnel responsible for the implementation and operation of such policies, procedures, systems and internal controls, (c) independent testing and audit, (d) an ongoing training programme and (e) reporting and record-keeping.

The Bank's compliance programme includes: (a) a know-your-customer programme that the Bank's management believes is reasonably designed to identify, verify and update the identity of the Group's customers, including, where applicable, their respective beneficial owners and proxy holders, (b) enhanced due diligence for high-risk clients, politically exposed persons and situations of increased risk, (c) third party due-diligence on all of the Group's business relationships, whether they are with clients, intermediaries, suppliers or other types of partners, (d) written policies, procedures and controls that the Bank's management believes are reasonably designed to ensure that the Group does not establish or maintain relationships with shell banks, (e) a policy, based upon the internal assessment of risks and of the economic situation, to not process or otherwise engage, regardless of the currency, in activity or business involving any Person that could be connected to or controlled by terrorist organisations recognised as such by the relevant authorities in France, the EU, the US, the United Nations and/or Türkiye, (f) a policy, based upon the internal assessment of risks and of the economic situation, providing that when a country, territory or region presenting a high level of financial security risk is directly or indirectly involved (for example, anti-money laundering or financing terrorism risks based upon FATF or EU classifications, corruption risks as evidence by the World Bank, unstable economic situations, political instability, war, conflicts or proliferation), the Group may on a case-by-case basis and regardless of the currency involved refuse the on-boarding of clients, decline to process certain transactions or decide not to engage in certain activities or businesses, (g) customer database screening and transaction filtering that the Bank's management believes is reasonably designed to ensure compliance with applicable laws, (h) systems and processes designed to detect and report suspicious activity to the relevant regulatory authorities and (i) a compliance programme that the Bank's management believes is reasonably designed to prevent and detect bribery, corruption and influence peddling in compliance with the Sapin II Law (in France), the Foreign Corrupt Practices Act (in the U.S.) and the Bribery Act (in the UK).

In October 2014, the OECD's Working Group on Bribery adopted the Phase 3 Report on Implementing the OECD Anti-Bribery Convention. In this report, the OECD Working Group expressed concerns about Türkiye's low level of anti-bribery enforcement and recommended that Türkiye improve its efforts to proactively detect, investigate and prosecute allegations of foreign bribery. The OECD Working Group also expressed concern regarding certain deficiencies in Türkiye's corporate liability legislation and enforcement against legal persons and made several recommendations to address these

concerns. In addition, on 21 October 2021, the FATF placed Türkiye on the so-called "grey list" of countries in need of elevated supervision of its legal framework for combatting terrorism and money laundering. The FATF cited concerns about inadequate supervision of Türkiye's banking and real estate sectors and dealers in gold and precious stones, including having undertaken insufficient prosecutorial efforts against violators (including freezing of assets). Consequently, to reflect Türkiye's progress, the FATF re-rated the country on 30 November 2021 on some recommendations and changed the rating of four recommendations from partially compliant to largely compliant. On 10 May 2022, the FATF re-rated the country and changed the rating of one recommendation from partially compliant to compliant and two recommendations from partially compliant to largely compliant. Most recently, on 27 October 2023, the FATF acknowledged Türkiye's progress while highlighting that, although previous deadlines have expired, Türkiye should continue to work on implementing its action plan to address one remaining strategic deficiency, specifically by confiscating assets related to terrorist financing. Changes in Turkish laws and practices might arise from these recommendations, which the Bank will monitor.

Compliance with Sanctions Laws

Each of the United States, the United Nations Security Council, the UK, the EU, France and Türkiye have enacted and/or administer and/or enforce Sanctions that restrict the ability of relevant persons to invest in, or otherwise engage in business with Sanction Targets. The Bank (including its entire branch network) and each of the Bank's subsidiaries have adopted and maintain a risk-based compliance programme that the Bank's management believes is reasonably designed to comply with Sanctions, which programme consists of: (a) written policies, procedures, systems and internal controls designed to comply with applicable Sanctions, (b) dedicated personnel responsible for the implementation and operation of such policies, procedures, systems and internal controls, (c) independent testing and audit, (d) an ongoing training programme and (e) reporting and record-keeping.

The Bank's Sanctions compliance programme includes: (a) a know-your-customer programme that the Bank's management believes is reasonably designed to identify, verify and update the identity of the Group's customers, including, where applicable, their respective beneficial owners and proxy holders, (b) a policy, based upon the internal assessment of risks and of the economic situation, to not process or otherwise engage, regardless of the currency, in activity or business for, on behalf of, or for the benefit of, directly or indirectly, any Person targeted by the French, EU, US or Turkish sanctions authorities, as well as by the United Nations, or involving directly or indirectly countries or territories subject to comprehensive Sanctions, including Crimea/Sevastopol, non-Ukrainian-controlled areas of Donetsk and Luhansk, Cuba, Iran, North Korea and Syria, and (c) customer database screening and transaction filtering that the Bank's management believes is reasonably designed to ensure compliance with applicable Sanctions.

In connection with the rapid changes in sanctions relating to the conflict in Ukraine, the Bank has analysed its portfolio and determined that (as of the date of this Prospectus) it has no direct exposure to Sanction Targets in Russia. The Group has also taken enhanced measures to monitor these events and seek continued compliance with Sanctions as they apply to Russia and Russian Persons.

Credit Ratings

Each of the Bank's credit ratings (and, where relevant, ratings outlook) from Fitch and Moody's as of the date of this Prospectus is set out below. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The date of the Bank's rating is based upon the last applicable report of the applicable Rating Agency.

Fitch (22 September 2023)

Long-term Foreign Currency Issuer Default Rating/Outlook:	B- / Stable
Short-term Foreign Currency Issuer Default Rating:	B
Long-term Local Currency Issuer Default Rating/Outlook:	B / Stable
Short-term Local Currency Issuer Default Rating:	B
National Long-term Rating/Outlook:	AA (tur) / Stable
Shareholder Support Rating:	b-
Viability Rating:	b-

Moody's (16 August 2022)

Long-term Foreign Currency Deposit Rating/Outlook:	B3 / Stable
Short-term Foreign Currency Deposit Rating:	Not Prime
Long-term Local Currency Deposit Rating/Outlook:	B1 / Stable
Short-term Local Currency Deposit Rating:	Not Prime
BCA (Baseline Credit Assessment):	b3
Adjusted BCA:	b1
Long-term Foreign Currency Counterparty Risk:	B3 / Stable

Fitch is established in the UK and registered under the UK CRA Regulation and, as such, is included in the list of credit rating agencies published by the FCA on its website (https://www.fca.org.uk/firms/credit-rating-agencies). As Fitch is not registered under the EU CRA Regulation or included in the list of credit rating agencies published by the ESMA on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the EU CRA Regulation, Fitch's rating of the Notes is expected to be endorsed (and Fitch's rating of the Bank is endorsed) by its affiliate Fitch Ratings Limited Ireland, which is established in the European Union and included in such list of credit rating agencies published by the ESMA.

Moody's is established in the UK and is registered under the UK CRA Regulation and, as such, is included in the list of credit rating agencies published by the FCA on its website noted in the previous paragraph in accordance with the UK CRA Regulation. As Moody's is not registered under the EU CRA Regulation or included in the list of credit rating agencies published by the ESMA on its website noted in the previous paragraph, Moody's rating of the Notes is expected to be endorsed (and Moody's rating of the Bank is endorsed) by its affiliate Moody's Deutschland GmbH, which is established in the EU and included in such list of credit rating agencies published by the ESMA.

RISK MANAGEMENT

In common with other financial institutions, the Group's activities involve taking risks, including: (a) credit risk, (b) market risks (such as interest rate, foreign exchange and equity risks), (c) liquidity risk and (d) operational risk. Each of these risks is described in more detail below. The Bank considers effective risk management to be crucial to its success and allocates substantial resources to upgrading its policies, methods and infrastructure to ensure compliance with best international practices and the guidelines of the Basel Committee on Banking Supervision (the "*Basel Committee*").

Risk Management Governance

Risk management governance at the Bank starts with the Board of Directors, in particular its Audit Committee and Risk Committee (see "Management – Committees"). The Group Risk Management unit ("GRM") supervises the overall risk management process within the Group, working in cooperation with executive management in order to ensure that the risks assumed by the Group are in accordance with the GRM's policies and are compatible with the Group's profitability and credit-rating objectives. The GRM reports directly to the Board of Directors through the Audit Committee and Risk Committee and is responsible for identifying, measuring, monitoring and reporting the principal risks assumed by the Group.

The Group aims to adopt best practices regarding risk management governance, taking into account all relevant guidelines and regulatory requirements, as set by the Basel Committee, the BRSA and the CMB, as well as any decisions of the competent authorities supervising the Group's entities. The Group's risk management structure is designed to achieve clear lines of responsibility, the efficient segregation of duties and the prevention of conflicts of interest. Each operating company within the Group is required to implement the Group's risk management policies and procedures.

Group Risk Management

As the GRM's primary function is to identify, detect and evaluate risks in accordance with the Audit Committee's charter and policies, it cooperates with each of the Risk Management Group, the Compliance and Internal Control Group and the Internal Audit Group of the Bank during the process of identifying, detecting and evaluating risks. The GRM is also responsible for preparing the Group's risk management strategies and policies and for submitting them through the Audit Committee for approval by the Board of Directors. Specifically, the GRM is responsible for:

Designing, implementing and approving the Bank's risk management system: (a) approving risk analysis and measurement methods, tools and techniques for new modelling, (b) verifying the methods used by business lines for measuring risk (such as the rating and scoring system), obtaining any needed approvals from relevant regulators, collecting historical data and performing retrospective tests for the verification of internal measurement methods and (c) participating in the design, selection, implementation and preliminary approval of risk measurement models, reviewing such models regularly and ensuring the implementation of necessary changes to such models,

Ensuring implementation of risk management policies and procedures: (a) ensuring that risk-taking decisions comply with the appropriate policies and (b) improving the quality and efficiency of methods and procedures used for monitoring risks, and

Reviewing existing risks and limits regularly: (a) reviewing existing risks and limits regularly to adapt to changes in market conditions and the Bank's strategy and (b) submitting the results of risk measurement analyses to the Board of Directors and to senior management.

Risk Management, Compliance, Internal Control and Internal Audit

The Bank has structured its organisation for the operation of internal control, internal audit and risk management systems in accordance with the provisions of the Internal Systems and Internal Capital Adequacy Assessment Process of Banks Regulation as issued by the BRSA and published in the Official Gazette No. 29057 dated 11 July 2014 (the "*ICAAP Regulation*"). This organisation has been tailored to the scope and nature of the Bank's operations and seeks to possess the quality and efficiency to respond to changing conditions.

The Bank's Risk Management Group (described in "Risk Management"), Compliance and Internal Control Group and the Internal Audit Group each report directly to the Board of Directors. Though coordinated in certain matters, these units are independent of each other. The Bank's Board of Directors, acting principally through the Audit Committee, monitors the risks on a consolidated basis across the entire Group in order to create control points, approves important strategies and policies regarding control activities and the maintenance of an efficient internal audit system and risk management system and coordinates the related activities among the Risk Management Group, Compliance and Internal Control Group and the Internal Audit Group. The Bank closely monitors and implements international best practices, as well as the new legal requirements regarding internal audit and risk management systems.

The Compliance and Internal Control Group is comprised of various divisions, including the Internal Control Division, the Legislation Division, the Compliance Division, the IT Control Division, the Subsidiaries Coordination Division and the TRNC Compliance Division. Each of these divisions has responsibility for its particular area of focus, using sub-departments where efficient (*e.g.*, a specific department for the Bank's branches and another for its head office). In accordance with the ICAAP Regulation and other laws, regulatory and compliance functions are conducted by regulation and compliance units under the Compliance and Internal Control Group.

The Bank's Internal Audit Group, which consisted of 73 personnel as of 31 December 2023, encompasses all operations and units of the Bank and its subsidiaries. The Board of Directors oversees that the Internal Audit Group is able to audit all operations and units of the Bank and its subsidiaries without any restrictions. In 2023, 176 audits were conducted, including 141 of individual branches and 26 of the Bank's head office. In addition to these detailed audits, inspections were conducted in a total of three different areas: 43 at the Bank's head office, eight at subsidiaries and one of the IT systems. In addition, the group undertook a management assessment to analyse for the Bank's management the quality of the Bank's banking and IT processes.

Management of Specific Risks

The Bank's risk management processes distinguish among the types of risks set out below. See also Section Four of the Group's BRSA Interim Financial Statements as of and for the nine months ended 30 September 2023.

Credit Risk

Credit risk is the risk that one party to a contract will fail to meet its obligation partially or on time and causes the other party to incur a financial loss. The Group is exposed to credit risk primarily through its lending, trade finance, treasury and leasing activities, but credit risk might also arise in other circumstances. Concentrations of credit risk arise when a number of customers are engaged in similar business activities, activities in the same geographical region and/or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In addition to credit risk for the loans, advances and other assets reflected in the BRSA Financial Statements, the Group is exposed to off-balance sheet credit risk through contingent liabilities assumed by it such as via letters of credit issued by the Bank.

The authority to extend credit lies with the Board of Directors, which has delegated part of this authority to the Bank's Credit Committee and the General Manager. In turn, the General Manager has delegated part of this authority to specific "credit groups" established for each of the corporate, SME and retail/micro-SME business lines on the basis of rules approved by the Board of Directors.

A credit decision is taken after the applicable loan or other credit proposal is first approved by a credit analyst coordinating with the credit department and the applicable business line. Credit limits are allocated to counterparties identified as having the ability to generate sufficient cash flow, the ability to make repayments, reliable financial data, high morality and, for enterprises, strong shareholder's equity and an organisation comprised of people having appropriate business experience.

In general, the Group attempts to manage credit risk by monitoring credit exposures, limiting transactions with specific counterparties, continually assessing the creditworthiness of counterparties, diversifying its lending activities to avoid undue concentrations of risks (including with individuals or groups of customers, industries or geographically) and by obtaining collateral and/or guarantees when appropriate. The credit limits applied are determined in accordance with the counterparty's

financial structure, certain qualitative criteria (as described below) and the quality of any collateral and/or guarantees to be provided.

The Bank actively uses collateral management as an important risk mitigation mechanism, including a legal review confirming the enforceability of the collateral arrangements under the applicable law. The market value of collateral generally is appraised at least annually, though this might be carried out more often whenever there is a reason to believe that a significant decrease in its market value has occurred. Where a credit is extended subject to collateral being given, the Bank's policies are to require that the security interest in such collateral be perfected before funds are advanced and, where applicable, to avoid currency and maturity mismatches. All security interests (including mortgages on real property) are required to be provided in a legally valid manner and the collateral provided must be in line with the type of loan and with the borrower's liquidity, activity and financial structure. The Bank applies loan-to-value ("*LTV*") limits and margins in relation to the collateral it receives with a view to eliminating the Bank's exposure to volatility through marking-to-market the value of collateral. In addition, all physical collateral must be insured.

Credit Ratings

Corporate and SME Ratings. For corporates and SMEs (other than micro SMEs) in the production, service, construction and precious metal sectors, the Bank uses an in-house credit rating system called TEBCORE (TEB Counterparty Risk & Rating Evaluation), which consists of several rating models. Consumer loans and micro SME loans are excluded from such internal rating system and are subject to a separate scoring and decisional system described below. The TEBCORE rating models are hybrid models combining both statistical and expert aspects. Each rating model incorporates a financial module derived from the borrower's financial statements (balance sheet and income statement) and a non-financial module resulting from a behavioural analysis module and/or a qualitative questionnaire. A final layer, called warning signals, captures recent negative triggers such as a material increase in indebtedness or negative risk occurrences related to the company and/or shareholders of the company concerned. The proposed borrower is then assigned a rating within a 31-point master scale (with 1+ being the best rating and 10B being the worst rating that can be assigned). Two further levels, 11 and 12, are used for defaulting borrowers and restructured and rescheduled loans are carefully monitored in line with the Group's credit risk policy. TEB uses the same master scale used by BNP Paribas. A customer's rating is updated as necessary.

The standalone rating at this stage represents the intrinsic rating for the borrower, and parental support can then be applied in accordance with predetermined criteria. In addition, an expert or a committee can apply override principles to a rating. The rating, after taking account of parental support and an override (in each case, if any), is the counterparty rating and is used for the purposes of assessing general provisions, credit reporting, portfolio management and stress testing.

Using the ratings provided by the TEBCORE system, the Group categorises its corporate and SME loan portfolio (which represented 64.8%, 66.5%, 70.6% and 70.9% of its total loan portfolio as of 31 December 2020, 2021 and 2022 and 30 September 2023, respectively) into four risk categories as follows: (1) the borrower has a very strong financial structure, (2) the borrower has a good financial structure, (3) the borrower has an intermediate financial structure and (4) the financial structure of the borrower has to be closely monitored in the medium term. The following table provides the distribution of the Group's corporate (including financial institution) and SME loan portfolio amongst these categories as of the indicated dates:

	As of 31 December			As of 30 September
	2020	**2021**	**2022**	**2023**
Category 1	47.06%	53.82%	55.20%	52.81%
Category 2	25.30%	21.35%	34.28%	36.81%
Category 3	20.35%	19.12%	7.77%	7.11%
Category 4	7.29%	5.71%	2.75%	3.27%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

The credit risks and limits related to financial institutions are determined by the Financial Institutions and Country Risks Committee, which is a sub-committee of the Bank's Credit Committee, which evaluates and makes decisions of credits in accordance with the rules and limits decided by the Board of Directors in compliance with the Banking Law. The level of exposure for each financial institution is monitored by GRM each business day to ensure it does not exceed credit limits. See also "-Counterparty Risk" below.

Consumer Ratings. For consumers (including for credit cards, overdrafts, personal cash loans, car loans and mortgage loans), a branch receives an application and all other required documents from the customer and enters the required information into the Bank's banking system (TEBIS) to start the review process. The application passes through an automated decisional workflow system that applies policy rules, internal-external controls and scoring metrics, which system then accepts, rejects or refers the application for manual evaluation by the Retail Credits Allocation Division.

For retail instalment loans, limits and terms are defined according to a payment-to-income ratio, a loan-to-income ratio and an LTV ratio. LTV ratios are used in particular for car loans and mortgage loans and are computed as the ratio between the loan amount and the value of the good(s) being financed. For mortgage loans, the maximum LTV is 75%.

Micro SME Ratings. For micro SME customers, the risk assessment process starts with a customer meeting and an on-site visit to the customer's location. After the required information and documents are obtained by the branch, the application is evaluated in the credit scoring system, which undertakes a statistical risk measurement of the customer's financial and socio-demographic profile. The authority to make credit decisions differs according to credit type, collateral and maturity. Automatic approval is also possible for smaller limits.

NPLs

The Bank classifies as non-performing any loan that is 90 days or more overdue for either principal or interest. Both collective and specific provisions are made with methodologies that are compliant with both IFRS standards and BNP Paribas methodologies.

Collective provisions seek to cover all expected losses on facilities that have similar characteristics. For all portfolios, collective provisions are calculated on a facility basis (using an exposure-by-exposure approach) and the Bank's portfolio-based rating systems determine the duration of expected credit loss that will be used for calculating collective provision (*i.e.*, either one year or lifetime). A collective provision is calculated for all performing loans.

Provisions for NPLs for the Retail and Private Banking Group are calculated by reference to their recovery rates. For other NPLs that exceed TL 1,500,000, specific provisions are calculated by the system individually, with such determination being based upon expert judgment input on the amount and timing of the recoveries taking collateral, guarantees and the risk of the applicable borrower into account. Probable collections under the affected loans for the next three to 10 years are estimated and then discounted to the balance sheet date using the loan's interest rate (for floating rate loans, using the rate in effect at the time the loan became an NPL). The specific impairment for a loan is provided after deducting these discounted expected cash flows from the total exposure of such loan.

For smaller other NPLs, specific provisions are calculated by the system individually based upon collateral, guarantees and the risk of the applicable borrower, with the provisions being set by discounting the expected recoveries from the total exposure. The Credit Monitoring and Administrative Follow-up Division's Non-Performing Loans and Specific Provisions Analysis Department provides the GRM with monthly reports on NPLs and specific provisions, which the GRM utilises in its own reporting to the Audit Committee.

The following table sets forth the Bank's NPL coverage ratio and the percentage of provisions for loans to total loans ratio as of the indicated dates:

	As of 31 December			**As of 30 September**
	2020	**2021**	**2022**	**2023**
NPL coverage ratio	65.5%	68.0%	72.1%	72.6%
Provisions for loans to total loans	4.8%	3.6%	3.3%	3.0%

Counterparty Risk

The Group faces counterparty risk from the over-the-counter transactions and the repurchase agreements in which it is involved. Counterparty risk is the risk arising from an obligor's failure to meet its contractual obligations. For the efficient management of counterparty risk, the Bank has established a framework of counterparty limits. As noted above, the Financial

Institutions and Country Risks Committee is responsible for setting and monitoring the limits for the Bank's financial institution counterparties.

Counterparty limits for the Bank's financial institution counterparties are set based upon country of incorporation, the identity of the ultimate shareholder(s), key financial figures and the credit ratings assigned by the Bank.

The counterparty limits apply to all financial instruments that the Global Markets Group actively trades in the interbank and derivatives markets. The limits framework is revised according to the business needs of the Bank and prevailing conditions in international financial markets. A similar limit structure for the management of counterparty risk is enforced across all of the Group's subsidiaries.

The Group seeks to reduce counterparty risk by standardising relationships with counterparties through the use of documentation published by the International Swaps and Derivatives Association (ISDA), the International Capital Markets Association (ICMA) and the International Securities Lending Association (ISLA), which include closeout netting clauses and margining agreements. Additionally, for the most active counterparties in over-the-counter derivatives, credit support annexes have been put in effect so that on the basis of daily valuations, net current exposures are managed through margin accounts where cash collaterals can be reciprocally posted.

The Group avoids taking positions in derivative contracts where the values of the underlying assets are highly correlated with the credit quality of the counterparty.

The Bank uses the "standardised approach" method for the calculation of regulatory capital requirements arising from counterparty credit risk.

Market Risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates, equity prices and bond prices and foreign exchange rates) and their levels of volatility. The Group's trading activities include a wide variety of financial products in order to enhance its profitability and its service to clientele. These trading activities require the Group to assume market risk, which the Group seeks to identify, estimate, monitor and manage effectively through a framework of principles, measurement processes and a valid set of limits that apply to all of the Group's transactions. The capital required for general market risk and specific risk is calculated and reported monthly in accordance with the "standard method" as defined in the "Regulation on the Measurement and Assessment of Capital Adequacy of Banks" issued by the BRSA and, within the time period determined by the BRSA following the calculation, the BRSA is required to be notified thereof. The most significant types of market risk for the Group are interest rate risk and foreign exchange risk, each of which is described in greater detail below.

The objective of the Group's market risk management is to manage and control market risk exposures in order to ensure that exposures are in line with the Group's risk appetite while generating returns from the Group's trading and banking books. Market risks are continually monitored and controlled according to the policies and limits set by the Board of Directors through the Bank's Market, Liquidity and Interest Rate Risks Unit, which is a division of the GRM.

The Board of Directors determines market risk limits, which are monitored on a daily basis. These limits are revised periodically in line with the strategies of the Group and BNP Paribas. The Group uses a range of measures to monitor market risk, including value-at-risk ("*VaR*") analysis, PV01 analysis (a measure of sensitivity), stop loss and nominal position limits. Market risk is calculated for the Bank using a historical simulation method with a one-year observation period (250 working days), a 99% confidence interval and a one-day holding period. Regular stress tests and scenario analysis are also applied to the Group's trading portfolios. All trading positions are marked to market on a daily basis in compliance with the requirements of the BRSA, the Central Bank and other authorities.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or are repriced in a given period. Interest rate risk is managed by the Bank's ALCO, whereas the GRM analyses interest rate duration, maturity and sensitivity using risk management programmes and reports on these topics to the ALCO and the Bank's Board of Directors. The interest rate

sensitivity of assets, liabilities and off-balance sheet items is analysed by top management in the ALCO meetings by taking market developments into consideration. The management of the Group monitors market interest rates on each business day and revises the interest rates charged by the Group accordingly.

Even though the Bank is exposed to structural interest rate risk on its balance sheet due to the nature of its existing activities, the Bank's policies aim to ensure that this risk stays within pre-defined limits. Duration/gap analyses, which rely upon calculations of net discounted future cash flows of interest rate sensitive balance sheet items, are conducted to manage this risk. In addition, simulations on interest income are performed in connection with the forecasted economic indicators that are used in the Bank's budget and stress testing is also used, applying interest rate shocks to the balance sheet to assess and understand interest rate risk. These interest rate shocks (including immediate shocks, linear increasing or decreasing shocks and non-parallel shocks) are applied to each interest rate-sensitive instrument by currency. In order to manage these interest rate risk, the Bank enters into various derivative transactions (such as interest rate swaps), primarily in Turkish Lira, U.S. dollars and euro.

In order to offer loans to its customers, the Group also obtains liquidity in U.S. dollars, euro or other foreign currencies, which are then converted into Turkish Lira through foreign currency swaps and cross-currency interest rate swaps. These cross-currency interest rate swaps act as a hedge to the interest rate risk that derives from the Group's loan portfolio.

The Bank's management believes that it maintains adequate measurement, monitoring and control functions for interest rate risk, including:

(a) measurement systems for interest rate risk that capture material sources of interest rate risk and assess the effect of interest rate changes in ways that are consistent with the scope of the Group's activities,

(b) measurement of vulnerability to loss under stressful market conditions,

(c) processes and information systems for measuring, monitoring, controlling and reporting interest rate risk exposures in the banking book, and

(d) a documented policy regarding the management of interest rate risk in the banking book.

In addition to customer deposits, the Bank funds its long-term fixed interest rate Turkish Lira-denominated instalment loan portfolio with long-term floating interest rate foreign currency funds obtained from international markets. The Bank swaps the foreign currency-denominated liquidity obtained from the international markets to Turkish Lira-denominated liquidity with foreign currency swap transactions.

The Bank runs net economic value sensitivity scenarios with changes in interest rates and interest rate margins in order to calculate their impact on net economic value. As of 30 September 2023, the Bank's expected change in net economic value under the Basel scenario, which is defined by the BRSA, was TL 1.8 billion (3.71% of equity), which is well below the 20% limit advised by the Basel Committee (Principles for the Management and Supervision of Interest Rate Risk, July 2004).

The following table sets forth the Group's repricing gap as of 30 September 2023:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest-Bearing	Total
				(TL thousands)			
Assets							
Cash balances (cash, effective deposit, money in transit, cheques purchased) and balances with the Central Bank	-	-	-	-	-	65,507,163	**65,507,163**
Banks	16,905,963	-	-	-	-	5,994,320	**22,900,283**
Financial assets at fair value through profit or loss	139,948	147,488	100,854	130,882	186,468	348,473	**1,054,113**
Money market placements	12,872,022	-	-	-	-	(600)	**12,871,422**
Financial assets at fair value through other comprehensive income	936,652	995,770	3,645,082	2,351,796	-	69,024	**7,998,324**
Loans	62,446,817	23,403,830	75,283,942	22,002,294	1,146,580	(3,461,771)	**180,821,692**
Financial assets measured at amortised cost	41,536	4,633,483	20,170,398	11,638,812	8,108,947	(10,033)	**44,583,143**
Other assets	4,091,398	3,549,304	2,705,774	1,215,862	531,979	19,671,706	**31,766,023**
Total assets	**97,434,336**	**32,729,875**	**101,906,050**	**37,339,646**	**9,973,974**	**88,118,282**	**367,502,163**
Liabilities							
Bank deposits	3,526,393	-	-	-	-	311,004	**3,837,397**
Other deposits	100,467,018	34,761,854	5,647,599	42,779	-	100,199,231	**241,118,481**
Money market funds	12,286,794	1,775,913	2,516,921	-	-	-	**16,579,628**
Miscellaneous payables	-	-	-	-	-	-	-
Securities issued	389,427	-	544,413	-	-	-	**933,840**
Funds provided from other financial institutions	4,974,797	17,623,728	11,879,938	-	5,967,677	34,061	**40,412,079**
Other liabilities	26,898	50,871	173,550	868,485	137,407	63,363,527	**64,620,738**
Total liabilities	**121,671,327**	**54,212,366**	**20,762,421**	**911,264**	**6,105,084**	**163,839,701**	**367,502,163**
Balance sheet long position	-	-	81,143,629	36,428,382	3,868,890	-	**121,440,901**
Balance sheet short position	(24,236,991)	(21,482,491)	-	-	-	(75,721,419)	**(121,440,901)**
Off-balance sheet long position	7,008,584	2,635,716	-	-	13,304	-	**9,657,604**
Off-balance sheet short position	-	-	(3,786,456)	(4,145,817)	-	-	**(7,932,273)**
Total position	**(17,228,407)**	**(18,846,775)**	**77,357,173**	**32,282,565**	**3,882,194**	**(75,721,419)**	**1,725,331**

Foreign Exchange Risk. Foreign exchange risk is the risk related to the potential loss due to adverse movements in foreign exchange rates. The Group transacts in all major currencies, holding mainly short-term positions for servicing its domestic and international clients and trading purposes. The Group's foreign exchange risk derives from its open currency position ("*OCP*"). According to the Bank's strategy, the end-of-day OCP is required to comply with regulatory limits.

The Group evaluates its exposure for the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group enters into foreign currency forward transactions and swap transactions to decrease foreign currency position risk, and the Group also engages in foreign currency option transactions. The position limit of the Group related to foreign exchange risk is determined according to the foreign currency net position standard ratio determined by the BRSA.

Turkish banking authorities regulate and monitor the net open position maintained by banks, as discussed in "Turkish Regulatory Environment." The Bank's net foreign currency position is closely monitored by the Global Markets Group with respect to limits set by the Bank's Board of Directors.

The following table sets forth the Group's net exposures by currency (including off-balance sheet exposures) as of the indicated dates.

	Euro	U.S. Dollars	Other	Total
		(TL millions)		
As of 31 December 2020	76.49	(450.88)	(184.99)	(559.4)
As of 31 December 2021	(413.97)	261.21	(105.16)	(257.9)
As of 31 December 2022	(966.07)	(2,517.14)	(966.86)	(4,450.1)
As of 30 September 2023	448.56	2,987.26	238.33	3,674.2

The Group's exposure to foreign exchange risk by category of assets and liabilities as of 30 September 2023, before taking into consideration the effect of hedging, is presented in the following table.

	Euro	U.S. Dollars	Others	Total
Assets		*(TL thousands)*		
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metal) and balances with the Central Bank	16,968,397	20,426,656	4,733,535	42,128,588
Due from banks	2,219,544	7,945,421	5,027,847	15,192,812
Financial assets measured at fair value through profit/loss	9,509	571,420	-	580,929
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	2,163,685	840,009	64,847	3,068,541
Loans and receivables	38,008,280	11,107,691	2,324,509	51,440,480
Subsidiaries, associates and entities under common control	-	-	-	-
Investment securities at amortised cost	5,179,725	8,319,469	-	13,499,194
Derivative financial assets hedging purposes	165,926	156,446	-	322,372
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	3,553,325	975,164	58,147	4,586,636
Total assets	**68,268,391**	**50,342,276**	**12,208,885**	**130,819,552**
Liabilities				
Bank deposits	60	-	167	227
Foreign currency deposits	31,488,664	43,962,950	17,047,861	92,499,475
Money market borrowings	9,668,389	5,973,246	-	15,641,635
Funds provided from other financial institutions	19,519,720	16,085,398	181,222	35,786,340
Securities issued (net)	-	-	-	-
Sundry creditors	-	-	-	-
Derivative financial liabilities hedging purposes	-	-	-	-
Other liabilities	4,445,051	712,193	72,632	5,229,876
Total liabilities	**65,121,884**	**66,733,787**	**17,301,882**	**149,157,553**
Net balance sheet position	**3,146,507**	**(16,391,511)**	**(5,092,997)**	**(18,338,001)**
Off-balance sheet commitments	**(2,697,944)**	**19,378,775**	**5,331,322**	**22,012,153**

Value-at-Risk. The Bank calculates daily VaR, adopting a historical simulation methodology with a 99% confidence interval and a one-day holding period. Overall "Trading Book Risk Tolerance" and VaR limits for each risk factor are determined in order to manage the market risk efficiently and to keep the market risk within the desired limits. The GRM monitors VaR balances daily for compliance with the limits. Periodic stress tests and scenario analyses are used to support the results of the VaR analysis. The limits have been determined by reference to worldwide best practices; they refer not only to specific types of market risk (such as interest rate and foreign exchange risk), but also to the overall market risk of the Bank's trading and available for sale portfolios.

The tables below set forth the Bank's VaR as of and for the period ended on the indicated dates:

	As of and for the year ended 31 December 2020		
	Total VaR	**Interest rate VaR**	**Foreign exchange risk VaR**
VaR		*(TL thousands)*	
As of period end	14,278	6,480	11,633
Period Average	17,169	16,259	3,212
Period Maximum	55,759	56,985	17,821
Period Minimum	6,318	6,053	245

	As of and for the year ended 31 December 2021		
	Total VaR	Interest rate VaR	Foreign exchange risk VaR
VaR		(TL thousands)	
As of period end	129,373	30,292	78,532
Period Average	20,525	19,807	5,610
Period Maximum	129,373	79,843	30,292
Period Minimum	8,302	8,006	336

	As of and for the year ended 31 December 2022		
	Total VaR	Interest rate VaR	Foreign exchange risk VaR
VaR		(TL thousands)	
As of period end	74,342	27,665	75,505
Period Average	76,060	63,107	14,114
Period Maximum	293,922	227,467	63,216
Period Minimum	12,608	12,480	196

	As of and for the nine months ended 30 September 2023		
	Total VaR	Interest rate VaR	Foreign exchange risk VaR
VaR		(TL thousands)	
As of period end	68,325	13,522	72,982
Period Average	51,868	48,808	19,392
Period Maximum	119,514	91,395	72,596
Period Minimum	18,383	15,932	1,186

As noted above, the Bank uses a historical methodology, with a 250-day observation period. The Bank also performs back-testing in order to verify the predictive power of its VaR model. While excesses in VaR are rare, there were 24 excesses in back-testing results in 2023 due to high market volatility around the time of the general elections and meetings of the Central Bank's rate policy meetings. Back-testing is used to determine whether a change in the value of the portfolio, as a result of actual changes in risk factors, corresponds to the VaR predicted by the model for the same period of time. Having experienced no excesses in the past year verifies the predictability power of the model. In addition, the Bank performs stress test analyses and stress VaR calculation on its trading book on a daily basis. The scenarios refer to extreme movements of interest rates and foreign exchange prices that are based upon the latest financial crises that have taken place in Türkiye.

Limitations of the VaR model. The VaR model is based upon certain theoretical assumptions, which under extreme market conditions might not capture the maximum loss the Bank will suffer. Some of the limitations of the Group's methodology are summarised as follows:

(a) The use of historical data series as predictive measures for the behaviour of risk factors in the future might prove insufficient in periods of intense volatility in financial markets.

(b) The one-day holding period for VaR calculations (or 10 days for regulatory purposes) implies that the Bank will be able to liquidate all of its trading assets within this length of time. This assumption might underestimate market risk in periods of insufficient liquidity in financial markets or in cases where certain assets in the Bank's portfolio cannot be easily liquidated.

(c) VaR refers to the plausible loss on the Bank's portfolio for a 99% confidence interval, not taking into account any losses beyond that level.

(d) All calculations are based upon the Bank's positions at the end of each business day, ignoring the intra-day exposures and any realised losses that might have been incurred.

(e) VaR estimates rely upon small changes in the prices of risk factors. For bigger movements, the methodology would not fully capture the effect on the value of the portfolio.

Liquidity Risk

Liquidity risk occurs when there is insufficient cash or cash inflows to meet net funding requirements when due. Liquidity risk might also occur when open positions cannot be closed quickly at suitable prices. Liquidity risk thus reflects the potential mismatch of payment obligations to incoming payments, taking into account unexpected delays in repayments (term liquidity risk) or unexpectedly high payment outflows (withdrawal/call risk). The Bank's policy is to establish an asset structure that is sufficiently liquid to meet all of its liabilities as they fall due.

The ALCO is responsible for forming and overseeing the implementation of the asset and liability management strategy of the Bank. A primary objective of the Group's asset and liability management risk policy is to ensure that sufficient liquidity is available to meet the Group's commitments to its clients in respect of the repayment of deposits and ATM transactions, to satisfy the Group's other liquidity needs and to ensure compliance with the capital adequacy and other applicable Central Bank and BRSA regulations. To that end, the Group's liquidity management process includes projections of cash flows, monitoring balance sheet ratios against internal and regulatory requirements, maintaining a diverse range of funding sources, managing the concentration of risk, managing maturity mismatches and maintaining contingency plans with regard to liquidity and funding.

The ALM&T Group is responsible for managing and implementing the Bank's asset and liability positions on a day-to-day basis and ensuring the availability of funds for all of the Bank's products and services distributed through the Bank's branch network. The Treasury department measures and evaluates on a daily basis the Bank's risk exposure and unfavourable changes in market conditions and regularly monitors the short-term mismatches between assets and liabilities.

The management of liquidity and funding is primarily carried out by the operating companies within the Group in accordance with Group liquidity standards and the limits set by the respective Boards of Directors of the Group companies. It is the general policy of the Group that each operating entity should be self-sufficient in funding its own operations.

The Group's primary funding source is total deposits (customer deposits and due to other banks), which constituted 65.68%, 66.17%, 70.66% and 66.65% of total liabilities as of 31 December 2020, 2021 and 2022 and 30 September 2023, respectively. The Bank's management believes that total deposits provide it with a stable funding base. In addition, the Group obtains pre-financing, loans and other wholesale funding to generate additional sources of liquidity.

As of 30 September 2023, demand deposits constituted 41.03% of the Group's total deposits, with time deposits representing the remainder. As of the same date, Turkish Lira-denominated deposits represented 51.3% of the total. The following table sets forth the deposit breakdown by currencies as of each of the indicated dates:

	As of 31 December			As of 30 September
	2020	2021	2022	2023
Demand deposits	**34.93%**	**44.34%**	**36.63%**	**41.03%**
Turkish Lira-denominated	9.08%	8.28%	11.29%	11.87%
Foreign currency-denominated	25.85%	36.06%	25.34%	29.16%
Time deposits	**65.07%**	**55.66%**	**63.37%**	**58.97%**
Turkish Lira-denominated	43.82%	33.78%	52.92%	50.37%
Foreign currency-denominated	21.25%	21.87%	10.44%	8.60%
Total deposits[(1)]	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Turkish Lira-denominated	52.90%	42.07%	64.22%	62.24%
Foreign currency-denominated	47.10%	57.93%	35.78%	37.76%

(1) Total deposits include customer deposits and due to other banks.

The following table sets forth the maturity profile of deposits (combining bank deposits and other deposits) as of each of the indicated dates:

	As of 31 December			As of 30 September
	2020	2021	2022	2023
		(TL thousands)		
Demand deposits	**32,747,643**	**58,345,699**	**73,397,313**	**100,510,235**
Turkish Lira-denominated	8,515,773	10,897,455	22,628,829	29,082,705
Foreign currency-denominated	24,231,870	47,448,244	50,768,484	71,427,530
Up to (including) 1 month	**32,436,273**	**32,906,659**	**36,883,435**	**40,494,646**
Turkish Lira-denominated	24,805,186	22,632,728	27,297,624	30,977,629
Foreign currency-denominated	7,631,087	10,273,931	9,585,811	9,517,017
From (excluding) 1 month to (including) 3 months	**27,780,847**	**39,645,752**	**79,573,544**	**94,394,807**
Turkish Lira-denominated	15,803,880	21,366,989	68,607,759	83,029,420
Foreign currency-denominated	11,976,967	18,278,763	10,965,785	11,365,387
From (excluding) 3 to (including) 12 months	**675,067**	**510,374**	**4,892,724**	**5,570,952**
Turkish Lira-denominated	419,118	352,435	4,638,958	5,393,698
Foreign currency-denominated	255,949	157,939	253,766	177,254
Over 1 year or greater	**102,073**	**174,489**	**5,602,904**	**3,985,238**
Turkish Lira-denominated	45,774	101,082	5,485,794	3,972,724
Foreign currency-denominated	56,299	73,407	117,110	12,514
Total deposits	**93,741,903**	**131,582,973**	**200,349,920**	**244,955,878**
Turkish Lira-denominated	49,589,731	55,350,689	128,658,964	152,456,176
Foreign currency-denominated	44,152,172	76,232,284	71,690,956	92,499,702

Operational Risk

Operational risk is defined as the risk resulting from the inadequacy or failure of internal processes, or from external events, that have led or could lead to a loss, a gain or an opportunity cost. Examples include human error, system failure, inadequate controls and procedures, internal and external fraud and natural disasters.

Operational risk is managed based upon a framework for identifying, measuring, monitoring and managing all risks within the scope of the definition of operational risk. All the activities and processes of the Bank are identified and documented, with activity-based operational risks being identified through "risk control self assessment" ("*RCSA*"), which is an annual base self-assessment process. Operational loss data collection, which started in 2007, enables the Bank to be compliant with the

"Advanced Approaches" of Basel II, which is a report published in 2004 by the Basel Committee entitled "International Convergence of Capital Measurement and Capital Standards: a Revised Framework" that set out a new international capital adequacy framework referred to as "Basel II." While loss data are accumulated to provide meaningful statistical data, business processes (where improvements are required) are defined based upon the results. A key risk indicators collection and monitoring process aims to provide metrics that allow the proactive and/or retroactive monitoring of risk trends. The Bank's Operational Risk Committee (which is a management committee responsible for the management of non-financial risks in the Bank, which committee assesses the trend of risk metrics in operational risks and proposes to the Audit Committee and the Board of Directors the appetite that the Bank tolerates while executing its business; this committee is also responsible for considering operational risks and taking relating decisions, including those relating to cyber security, legal, human resources, reputation and outsourcing services) and the GRM define necessary improvement actions.

A business continuity management plan, prepared in order to minimise losses due to business disruption, has been implemented by the Group. Comprehensive annual tests of the Bank's disaster recovery centre are undertaken with the participation of business units and the IT department.

With respect to operational risks relating to money laundering and certain similar risks, please see "The Group and its Business – Anti-Money Laundering, Combating the Financing of Terrorism and Anti-Bribery Policies."

Derivatives

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments, including to minimise certain of the risks described above (*e.g.*, foreign currency swaps). A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices. Derivative financial instruments include forwards, swaps, futures and options.

All of these transactions are executed in line with the Bank's approved counterparty limits. PV01 (a measure of sensitivity) limits by currency and maturity breakdown and vega (*i.e.*, sensitivity to volatility, the derivative of the option value with respect to the volatility of the underlying asset) limits are followed and reported on every business day.

The Bank uses netting to mitigate counterparty risk on its derivative transactions. As noted above, the Group uses bilateral or multilateral master agreements that comply with the general provisions of international master agreements such as those published by the International Swaps and Derivatives Association, Inc. (ISDA), which include closeout netting clauses and margining agreements. Additionally, for the most active counterparties in over-the-counter derivatives, credit support annexes have been put in effect so that on the basis of daily valuations, net current exposures are managed through margin accounts where cash collaterals can be reciprocally posted.

Capital Adequacy

The Group is required to comply with capital adequacy guidelines promulgated by the BRSA, which are based upon the standards established by the BIS. These guidelines require banks to maintain adequate levels of regulatory capital against risk-bearing assets, off-balance sheet exposures and market and other risk positions. The Equity Regulation defines the capital of a bank as the sum of: (a) principal capital (*i.e.*, tier 1 capital), which is composed of core capital (*i.e.,* common equity tier 1 ("*CET1*") capital) and additional principal capital (*i.e.*, additional tier 1 capital), and (b) supplementary capital (*i.e.*, tier 2 capital) *minus* capital deductions. The Capital Adequacy Regulation provides that: (i) both the unconsolidated and consolidated minimum CET1 capital adequacy ratios are 4.5% and (ii) both unconsolidated and consolidated minimum tier 1 capital adequacy ratio are 6.0% (which are in addition to the requirement for a minimum total capital adequacy ratio of 8.0%).

The following table sets forth the Group's consolidated capital adequacy ratios as of the indicated dates, calculated in accordance with the Capital Adequacy Regulation:

	As of 31 December			As of 30 September 2023
	2020	2021	2022	
		(*TL thousands*)		
Capital:				
Common equity tier 1 capital	11,593,658	13,389,190	24,982,210	34,244,531
Additional tier 1 capital	114	161	281	275
Tier 2 capital	5,128,135	8,504,670	11,859,350	16,082,963
Total capital	**16,721,907**	**21,894,021**	**36,841,841**	**50,327,769**
Total risk-weighted assets	**91,603,777**	**123,079,834**	**201,587,244**	**263,875,529**
Capital Adequacy Ratios:				
Common equity tier 1 capital adequacy ratio	12.66%	10.88%	12.39%	12.98%
Total capital adequacy ratio[3]	18.25%	17.77%	18.26%	19.07%

The Bank maintains regulatory capital ratios (in accordance with BRSA calculations) on both a Bank-only and consolidated basis in excess of the regulatory minimum. The target total capital adequacy ratio determined by the BRSA is 12.0%, which (as noted in the table above) was surpassed by the Group as of each 31 December 2020, 2021 and 2022 and 30 September 2023. The Bank's common equity tier 1 capital adequacy ratio and total capital adequacy ratio were 12.77% and 18.51%, respectively, as of 31 December 2020, 10.95% and 18.05%, respectively, as of 31 December 2021, 12.53% and 18.60%, respectively, as of 31 December 2022 and 12.91% and 19.23%, respectively, as of 30 September 2023. See "Turkish Regulatory Environment − Capital Adequacy" for additional information.

Please see: (a) "Risk Factors - Risks Relating to Türkiye - Economic Conditions - Turkish Economy" with respect to the negative impact on the capital ratios resulting from the depreciation of the Turkish Lira and positive (but temporary) impacts of certain regulatory accommodations provided by the BRSA and (b) "Risk Factors - Risks Relating to Türkiye - Economic Conditions - Inflation" with respect to the potential distorting impact of high inflation, including the use of non-inflation-adjusted figures in the BRSA Financial Statements.

MANAGEMENT

Overview

Pursuant to the provisions of the Turkish Commercial Code (Law No. 6102), and the articles of association of the Bank, the Board of Directors is responsible for the management of the Bank.

The articles of association provide that the Board of Directors shall consist of a minimum of 12 members, with the General Manager of the Bank (and the Deputy General Manager in his or her absence) serving as a delegated member of the Board of Directors, and all other members being elected by the shareholders of the Bank. Members of the Board of Directors can be elected for no more than three-year fiscal terms and can be re-elected or changed at any time. Meetings of the Board of Directors occur at the Bank's head office or (to the extent a written notice is served to the Bank's Chairman, Vice-Chairman and the members of the Board of Directors) at another location in İstanbul or in another city in Türkiye or abroad. The Chairman or Vice Chairman of the Board of Directors may call a meeting of the Board of Directors and must do so if requested by at least one other director. The required quorum at any Board of Directors meeting is 10 of the members. Resolutions must be passed with the positive votes of at least 10 of the members. In particular, the duties and powers of the Bank's Board of Directors are as follows:

(a) the high-level management of the Bank and the power to give relevant instructions,

(b) determining the management organisation of the Bank,

(c) establishing the necessary organisation for the accounting, financial planning and management and audit of the Bank,

(d) the appointment and dismissal of managers and other managerial level personnel and persons who hold representation and binding signatory powers,

(e) the high-level supervision of whether management staff comply with law, the Bank's articles of association, internal guidelines and instructions of the Board of Directors,

(f) keeping the Bank's share ledger, Board of Directors resolution ledger and General Assembly meeting minutes, issuing the Bank's annual activity report and statement regarding compliance with corporate governance rules and submitting the same to the General Assembly, preparing the General Assembly meetings and implementing General Assembly meeting resolutions, and

(g) notifying the court if the Bank's share capital is negative.

The Bank's senior management includes the Bank's Assistant General Managers and certain other offices, who are described below.

Board of Directors

The following table sets out the members of the Board of Directors, their position and the date of their appointment to the Board. As of the date of this Prospectus, the current term of all members of the Board of Directors is valid until 28 March 2024.

Name	Position	Date first appointed
Dr. Akın Akbaygil	Chairman	1982
François Andre Jesualdo Benaroya	Vice Chairman	2018
Ümit Leblebici	Board Member and General Manager (CEO)	2013
Ayşe Aşardağ	Board Member and Audit Committee Vice Chairman	2010
Patrick Philippe Poupon	Board Member and Audit Committee Chairman	2023
Hans Wilfried J. Broucke	Board Member	2020
Yavuz Canevi	Board Member	1996
Ayşe Meral Çimenbiçer	Board and Audit Committee Member	2022
Jean-Charles Joseph Gabriel Aranda	Board Member	2022
Özden Odabaşı	Board Member	2017
Metin Toğay	Board Member	2022
Didier Albert Nicole Van Hecke	Board and Audit Committee Member	2022

The business address of the members of the Board of Directors is TEB Kampüs, C & D Blok, Saray Mahallesi Sokullu Caddesi No:7A-7B, Ümraniye 34768, İstanbul, Türkiye. Set forth below are brief biographies of each of the current members of the Board of Directors.

Chairman, Vice Chairman and CEO

Dr. Akın Akbaygil - Chairman of the Board of Directors

Dr. Akın Akbaygil, who served as General Manager (CEO) of the Bank from 1983 to 1988, a member of the Board of Directors of the Bank since 1982 and the Deputy Chairman of the Board of Directors of the Bank from 1988 to 2022, was elected as the Chairman of the Board of Directors of the Bank in March 2022. He also has served as the General Manager (CEO) of TEB Holding since 2011. Before joining the Bank in 1982, he worked in Akbank T.A.Ş. from 1965. He has also served as a member of the board, chairman of the board and/or general manager of various subsidiaries of the Bank and other unaffiliated institutions, including a member of the Banks Association of Türkiye from 1994 to 2002. Dr. Akbaygil is a 1967 graduate of the Faculty of Economics at İstanbul University, where he also earned an MBA and a Ph.D. degree.

François Andre Jesualdo Benaroya - Vice Chairman of the Board of Directors

Mr. François Andre Jesualdo Benaroya was elected as the Vice Chairman of the Board of Directors of the Bank in September 2021. He has served as a Senior Advisor to the CEO and Deputy Chairman of the Board of Directors of BNP Paribas since September 2004. Before joining BNP Paribas, Mr. Benaroya served at the French Ministry of Finance as a Deputy Head of Department from 1994 to 1997, the French Embassy in Moscow as the Economic Advisor on the Commonwealth of Independent States from 1997 to 1999, the French Ministry of the Economy as a Department Director from 1999 to 2002 and the French Ministry for Foreign Affairs as the Deputy Director of the Cabinet of the Minister for European Affairs from 2002 to 2004. He is a 1992 graduate of École Polytechnique's Engineering Department and received an advance degree from the Institut National de la Statistique et des Éstudes Économiques in 1994.

Ümit Leblebici - General Manager (CEO) and Member of the Board of Directors

Mr. Ümit Leblebici was elected as the General Manager (CEO) and a member of the Board of Directors of the Bank in September 2013, before which he served as a Director and Assistant General Manager of the ALM and Treasury Group of the Bank since 1999 and Deputy General Manager of the Bank from February to September 2013. Mr. Leblebici also has served as the Chairman of TEB ARF Teknoloji A.Ş. since July 2020 and a member of the board of directors at Dış Ekonomik İlişkiler

Kurulu (Foreign Economic Relations Board) since July 2017. Mr. Leblebici is a 1988 graduate of İstanbul University's Business Administration, from which he also received an MBA degree in 1994.

Other Board Members

Ayşe Aşardağ - Member of the Board of Directors and Vice Chairman of the Audit Committee

Ms. Ayşe Aşardağ was elected as a member of the Board of Directors of the Bank in 2010 and also serves as a member of the board of directors of TEB Faktoring A.Ş., Chairman of the board of directors of TEB SH.A, Deputy Chairman of the board of directors of TEB Yatırım Menkul Değerler A.Ş. and Deputy Chairman of the board of directors at TEB Finansman A.Ş. Ms. Aşardağ has acted as the Budget And Financial Control Coordinator of TEB Holding since 2001. Before starting her career at the Bank in 1995, Ms. Aşardağ worked at Price Waterhouse from 1987 to 1994 after graduating from Boğaziçi University's Department of Business Administration.

Patrick Philippe Poupon - Member of the Board of Directors and Chairman of the Audit Committee

Mr. Patrick Philippe Poupon was appointed as a member of the Bank's board of directors on 12 September 2023. Mr. Poupon has served as a Senior Advisor to the CEO and Chairman of the board of directors of BNP Paribas since April 1987. He graduated from Université Paris Dauphine's Economics Department in 1982 and has also obtained an MBA from the Conservatoire National des Arts et Métiers.

Hans Wilfried J. Broucke – Member of the Board of Directors

Mr. Hans Wilfried J. Broucke has served as a member of the Bank's board of directors since 2020, before which he held various roles with BNP Paribas Group and Fortis Bank entities from 2003 to 2020, including as country head in Bulgaria and the Czech Republic. From 1987 to 2003, he held various roles with banks in Belgium, the Czech Republic and Ukraine. Mr. Broucke is a 1985 graduate of UFSAL's Economical, Political and Social Sciences Department and also received an MBA from Catholic University of Louvain.

Yavuz Canevi - Member of the Board of Directors

Mr. Yavuz Canevi was elected as a member of the Bank's board of directors in 1996, serving as the Chairman of the board from 1996 to 2022. In Mr. Canevi career, he has served as a member of the board, chairman of the board and/or executive of various subsidiaries of the Bank and other unaffiliated institutions, including as the General Manager (CEO) of Euroturk Bank from 1989 to 1995, a Governor of the Central Bank from 1984 to 1986 and Deputy Chairman of Borsa İstanbul from 1993 to 2005. Mr. Canevi is a 1960 graduate of Ankara University's Department of Public Finance and Economics, after which he worked in the United States until 1975, and also received a masters degree from the University of Southern California.

Ayşe Meral Çimenbiçer - Member of the Board of Directors and the Audit Committee

Ms. Ayşe Meral Çimenbiçer was elected as a member of the Bank's board of directors in 2022 and has served as a Coordinator at TEB Holding since 2004. She has served as a member of the board of directors in various subsidiaries of the Bank as the Assistant General Manager of the Bank's retail banking and organisation and IT departments. Prior to joining the Bank in 1997, Mr. Çimenbiçer worked at Türkiye İş Bankası A.Ş. from 1978 to 1997 after graduating from Middle East Technical University's Faculty of Business Administration.

Jean-Charles Joseph Gabriel Aranda - Member of the Board of Directors

Mr. Jean-Charles Joseph Gabriel Aranda was appointed as a member of the Bank's board of directors on 28 March 2023. Mr. Aranda has served as CFO, COO, Financial Director, Executive Director and General Inspector at BNP Paribas since 2004, before which he worked as a manager at KPMG. He is a 1994 graduate of Université de Poitiers, where he received a degree in accounting, and then received an MBA from Montesqieu Bordeaux University.

Özden Odabaşı - Member of the Board of Directors

Ms. Özden Odabaşı was elected as a member of the Bank's board of directors in 2017 and also serves as Vice Chairman of the board of directors at TEB Faktoring A.Ş. She has worked for various companies since her graduation from Middle East Technical University's Department of Business Administration in 1980 and also holds a graduate degree from Bogazici University and an MBA from northern Illinois University.

Metin Toğay - Member of the Board of Directors

Mr. Metin Toğay was elected as a member of the Bank's board of directors in 2022 and also serves as a member of the board of directors of two of the Bank's shareholders - BNP Paribas Fortis Yatirimlar Holding A.Ş. and BNP Paribas Yatirimlar Holding A.Ş. Mr. Toğay previously served as a member of the Bank's board of directors from 2005 to 2011 and was a Consultant to the Bank's General Manager (CEO) from 2020 to 2022. He has served as the Chairman or other member of the board of directors of various Group companies, acted as BNP Paribas' representative in Türkiye from 1997 to 2020 and, before joining BNP Paribas in 1997, worked at other financial institutions. Mr. Togay is a 1980 graduate of Middle East Technical University's Department of Business Administration and obtained an MBA degree from the University of Wisconsin.

Didier Albert Nicole Van Hecke - Member of the Board of Directors and the Audit Committee

Mr. Didier Albert Nicole Van Hecke was elected as a member of the Bank's board of directors in 2022. He has worked within BNP Paribas and Fortis Bank group companies since 1999, including acting as the Head of Retail Banking Risk Management at BNP Paribas since 2014. He worked in General Bank before Fortis Bank in several positions from 1992 to 1999, including as Head of the Credit Analysis in the Corporate Loans Department from 1996 to 1999. Mr. Van Hecke is a 1989 graduate of Catholic University of Leuven, from which he also earned an MBA.

Senior Executives

Senior executives are responsible for supervising and coordinating the activities of their respective units, monitoring progress with regard to the Bank's business targets and goals, approving expenditures, investments and financing within set limits and contributing to the Bank's management regarding the design of the Bank's strategy, setting targets for the Bank and drawing up an annual budget for their respective divisions.

Senior Executive	Title and Area of Responsibility
Gökhan Mendi	Senior Assistant General Manager – Retail and Private Banking
Mustafa Aşkın Dolaştır	Assistant General Manager – Financial Control Group
Gökhan Özdil	Assistant General Manager – Corporate Credits
Osman Durmuş	Assistant General Manager – Retail and Micro SME Credits Group
Melis Coşan Baban	Assistant General Manager – Legal Affairs
Mehmet Ali Cer	Assistant General Manager – Information Technologies
Ali İhsan Arıdaşır	Assistant General Manager – SME Credits Group
Hakan Tıraşın	Head of Internal Audit Group - IG Hub Türkiye
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer
Akil Özçay	Assistant General Manager – Fixed Income
Nimet Elif Kocaayan	Group Chief Risk Officer
Ömer Abidin Yenidoğan	Assistant General Manager – Corporate Banking and Corporate Investment Banking
Tuğrul Özbakan	Assistant General Manager – ALM and Treasury
Ali Gökhan Cengiz	Assistant General Manager – SME Banking Group
Çiğdem Ünsal	Assistant General Manager – Human Resources
Orhan Hatipoğlu	Assistant General Manager – Banking Operations and Support Services

The business address of the Bank's Assistant General Managers is TEB Kampüs, C & D Blok, Saray Mahallesi Sokullu Caddesi No:7A-7B, Ümraniye 34768, İstanbul, Türkiye. Set forth below are brief biographies of each of the Assistant General Managers.

Gökhan Mendi

Mr. Gökhan Mendi was appointed as the Assistant General Manager responsible for Retail and Private Banking upon joining the Bank in 2011, becoming the Senior Assistant General Manager in 2013. Before joining the Bank, he held various roles with other financial institutions and corporations. He has also served as a member of the board of directors of various Group companies and different private sector institutions. Mr. Mendi graduated from İstanbul Technical University with a degree in civil engineering in 1987, thereafter earning an MBA degree from the same university and an executive MBA degree from the London Business School.

Mustafa Aşkın Dolaştır

Mr. Mustafa Aşkın Dolaştır was appointed as the Assistant General Manager responsible for Financial Controls in 2008, before which he held various roles with other financial institutions and, from 1986 to 1989, Arthur Anderson & Co. Mr. Dolaştır also serves as CFO of various Group companies. He is a 1983 graduate of İstanbul Technical University with a degree in management engineering, after which he obtained an MBA from the same university.

Gökhan Özdil

Mr. Gökhan Özdil was appointed as the Assistant General Manager responsible for Corporate Credits in 2011, before which he worked at Fortis Bank A.Ş. and other financial institutions after his 1986 graduation from Middle East Technical University with a degree in economics.

Osman Durmuş

Mr. Osman Durmuş was appointed as the Assistant General Manager responsible for the Retail and Micro SME Credits Group in 2008, before which he worked at other financial institutions in Türkiye after his 1986 graduation from Marmara University's Press and Media, Journalism and Public Relations Depatment. He also serves as a member of the board of directors of various Group companies.

Melis Coşan Baban

Ms. Melis Coşan Baban was appointed as an Assistant General Manager and the Head of Legal Affairs in 2008 after having worked at law firms in Türkiye. She is a 1995 graduate of İstanbul University's Law School and received an LLM from Columbia University in 1997.

Mehmet Ali Cer

Mr. Mehmet Ali Cer was appointed as the Assistant General Manager responsible for Information Technologies in 2011, before which he worked for the Bank and Fortis from 2000 and other financial institutions and corporations from 1990 to 2000. He is a 1990 graduate of Hacettepe University with a degree in computer engineering and thereafter obtained a masters degree from Southern Illinois University.

Ali İhsan Arıdaşır

Mr. Ali İhsan Arıdaşır, who joined the Bank in 1996 after working for three years at another Turkish bank, was appointed as the Assistant General Manager responsible for the SME Credits Group in 2018. He is a 1992 graduate of Boğaziçi University's Faculty of Economics.

Hakan Tıraşın

Mr. Hakan Tıraşın, who joined the Bank in 1989 after working for another Turkish bank for 16 years, was appointed as the Head of the Internal Audit Group in 2006. He is a 1977 graduate of İstanbul University's Finance and Trade Academy.

Birol Deper

Mr. Birol Deper, who joined the Bank in 2006 after five years as a bank auditor with the BRSA, was appointed as the Head of the Compliance Group and Internal Control Group in 2012 and, in 2023, also started servicing as the Consumer Relations Coordination Officer. He is a 2000 graduate of Ankara University's Department of Business Administration and thereafter obtained an MBA from Galatasaray University.

Akil Özçay

Mr. Akil Özçay, who joined the Bank in 2008 as Chief Advisor to the General Manager (CEO) after working at the Central Bank for 14 years, was appointed as the Assistant General Manager of Fixed Income in 2011. He has also served as a member of the board of directors of TEB Yatırım Menkul Degerler A.Ş. since March 2022. Before that, he served in various roles for TEB Yatırım Menkul Degerler A.Ş. and other Group companies, including as a member of their boards of directors and Chairman (being Chairman of Fortis Portföy Yönetimi A.Ş. in 2011, TEB Portföy Yönetimi A.Ş. from 2011 to 2012 and TEB Yatırım Menkul Değerler A.Ş. from 2012 to 2013. Mr. Özçay is a 1981 graduate of the Faculty of Political Sciences at Ankara University and thereafter obtained a masters degrees from Rutgers, The State University of New Jersey.

Nimet Elif Kocaayan

Ms. Nimet Elif Kocaayan was appointed as the Group Chief Risk Officer in 2017, before which she served in various roles at the Bank since 1995. She is a 1995 graduate of İstanbul University's Faculty of Economics.

Ömer Abidin Yenidoğan

Mr. Ömer Abidin Yenidoğan, who joined the Bank in 1997 after working at another financial institution, was appointed as the Assistant General Manager responsible for Corporate Investment Banking in 2014 and added responsibility for the Corporate and Corporate Investment Banking Group in 2022. He is a 1994 graduate of Marmara University's Department of Political Sciences and thereafter earned an MBA from University of Nottingham.

Tuğrul Özbakan

Mr. Tuğrul Özbakan, who joined the Bank in 1996, was appointed as the Assistant General Manager responsible for the ALM & Treasury Group in 2015, before which he served in various roles within the Bank and other Group companies. He graduated in 1995 from Stanford University with a degree in economics and thereafter earned an MBA from İstanbul Bilgi University and a Ph.D. in EU economics from Marmara University.

Ali Gökhan Cengiz

Mr. Ali Gökhan Cengiz was appointed as the Assistant General Manager responsible for SME Banking in 2019, before which he worked as Group Director in the Bank. Before joining the Bank, he worked in Akbank, Dışbank, Citibank and Interbank as branch manager and department manager from 1995 to 2004. He is a 1989 graduate of Hacettepe University's Department of Economics and thereafter received an MBA from Oklahoma City University.

Çiğdem Ünsal

Mrs. Çiğdem Ünsal, who was appointed as Deputy General Manager Responsible for Human Resources in 2022, previously served as Deputy General Manager Responsible for Human Resources at Şekerbank. Prior to her work at Şekerbank, she was Human Resources Coordinator at TEB Holding from 2020 to 2021. She served as Human Resources Strategy, Organisational Development and Compensation Management Executive Director in the Bank between 2015 and 2020. Before that, she worked as senior manager of Human Resources Compensation, Performance and Communication in the Bank. Mrs. Ünsal graduated from Middle East Technical University, Faculty of Economics in 1995.

Orhan Hatipoğlu

Mr. Orhan Hatipoğlu was appointed as the Assistant General Manager responsible for Banking Operations and Support Services in 2021. He is member of the boards of directors of TEB Arf Teknoloji A.Ş. and Bantaş A.Ş.. Mr. Hatipoğlu served as Group Director in the Bank's Core Banking, ADC and Payment Systems Operations Management Group from 2020 to 2021, before which he worked in Credit Europe, Akbank and Fibabank in several positions, including Director and Assistant General Manager. He is a 1992 graduate of Bogazici University with a degree in computer engineering.

Committees

As of the date of this Prospectus, there are various committees established under the Board of Directors of the Bank. Some information on each such committee, as well as the ALCO (which is not a committee of the Board of Directors) is set out below:

Audit Committee. Pursuant to Article 24 of the Banking Law, the Audit Committee (which consists of four non-executive Board Members) was established to monitor, on behalf of the Board of Directors, the effectiveness, functioning and adequacy of the Bank's internal controls and procedures and accounting and reporting systems, in accordance with applicable laws. The meetings of the Audit Committee are held at least once every three months. The objectives of the Audit Committee are: (a) to establish an organisational structure concerning the Group's internal systems in accordance with the Banking Law and to enable the continuity of this structure, (b) to monitor the operation and efficiency of the Group's internal systems and (c) subject to applicable law, to facilitate harmonisation of the Group's risk, audit and internal control organisation with BNP Paribas' model.

The Audit Committee reports to the Board the results of its activities at least every six months, including recommendations for measures to be taken and practices to be introduced as well as other matters that it deems necessary for the safe performance of the Group's activities.

Credit Committee. The Credit Committee evaluates and makes decisions on credit decisions in accordance with the Bank's rules and limits.

Risk Committee. The Risk Committee supervises and evaluates the Bank's risk policies and their implementation.

Selection and Compensation Committee. The Selection and Compensation Committee prepares the Bank's remuneration policy, determines and supervises their implementation (including with respect to salaries, bonuses, awards and benefits, including incentive payments) and sets the organisation structure, job descriptions, appointment, promotion, salary and bonuses of the Bank's Assistant General Managers and above titles.

Compliance Committee. The Compliance Committee supervises the Bank's compliance policies (including their alignment with requirements of law), including their implementation throughout the Bank.

Corporate Governance Committee. The Corporate Governance Committee monitors the Bank's adherence to its corporate governance policies and makes recommendations to the Board with respect to revisions thereof.

Data Sharing Committee. The Data Sharing Committee defines the Bank's policies for the sharing of the Bank's confidential information (including relating to customers) with third parties and assesses the appropriateness of requests for such information.

Financial Statements Committee. The primary role of the Financial Statements Committee is to monitor the preparation of the Bank's financial and accounting information, including the preparation of financial statements. This committee informs the Audit Committee and the full Board of Directors on such matters. The Bank's management regulatory informs the Financial Statements Committee about decisions taken by the Bank's management, including the reasoning behind these decisions and the assessments that were made in forming such judgments, and this committee is then responsible for expressing its views on such topics and making recommendations in order to ensure accuracy and integrity of the financial information to be published.

Asset and Liability Management Committee. The ALCO has as its objective to structure the Bank's balance sheet in light of its liquidity risk, interest rate risk, maturity risk and foreign exchange risk, while also ensuring that the Bank has adequate capital and is using its capital to maximise its return. The asset and liability management policies devised by the ALCO are implemented by the ALM and Treasury Group. The ALCO meets weekly to review the Bank's balance sheet, its investment securities and inflation rates, its liquidity position and the macroeconomic environment, including domestic and international political and economic events. Technical issues, such as the Bank's current risk exposure arising from positions in respect of loans and other credits, deposits in terms of interest rate exposure, maturity risk, foreign exchange risk, exchange rate risk and capital adequacy are discussed in a sub-committee of the ALCO called the Market and Liquidity Risk Committee, which meets monthly; *however*, any decision is taken by the full ALCO.

Corporate Governance

The Bank's corporate governance practices meet the mandatory requirements imposed by the laws of Türkiye, the BRSA, the CMB and other applicable authorities, as well as the articles of association of the Bank. The Bank's corporate governance practices: (a) are based upon best international practices and form a framework that seeks to ensure consistency and efficiency in the Board's practices and the governance of the Bank and the Group and (b) seek to ensure strategic direction, management supervision and adequate control of the Bank with the ultimate goal of increasing the long-term value of the Bank and protecting the general corporate interest.

A Corporate Governance Committee has been established for the purpose of establishing and implementing the Bank's corporate governance policies. This committee devises appropriate corporate governance procedures to be implemented by the Bank in order to ensure compliance with corporate governance principles announced by the CMB and BRSA. The Corporate Governance Committee meets on an *ad hoc* basis when requested by the committee's chairman.

For information on the Group's risk management, see "Risk Management – Risk Management Governance."

Compensation

The members of the Board of Directors receive a fee for attending meetings of the Board of Directors. In 2020, 2021, 2022 and the first nine months of 2023, this fee amounted to TL 62,363 thousand, TL 81,530 thousand, TL 148,803 thousand and TL 190,816 thousand, respectively, in the aggregate for all directors. Members of the Board of Directors do not receive any additional compensation for acting as directors; *however*, certain directors are employees of the Bank and receive compensation for such employment.

Loans extended to Board members and managers are limited under Article 50 of the Banking Law. No loans are granted to Board members and managers above these limits. No members of the Board of Directors or any of the Bank's executive officers have any options in respect of the Bank's share capital.

Additionally, the amount of remuneration and benefits provided to the Bank's senior executives in 2020, 2021, 2022 and the first nine months of 2023 was TL 62.4 million, TL 81.5 million, TL 148.8 million and TL 190.8 million, respectively.

Conflicts of Interests

There are no actual or potential conflicts of interest between the duties of any of the members of the Board of Directors or Senior Executives and their respective private interests or other duties.

Auditors

BRSA and CMB regulations require the Bank to undergo an external audit on a quarterly basis. Under the BRSA regulations, the external audit firms and external auditors must fulfil certain requirements to be qualified as "independent." A bank may retain the independent audit services of the same external audit firm for a maximum of seven consecutive fiscal years. The same individual auditors are not permitted to carry out audit services for the same bank for more than seven consecutive fiscal years. Independent auditors are held liable for damages and losses to third parties and are subject to stricter reporting obligations. Professional liability insurance is required for: (a) independent auditors and (b) evaluators, rating agencies and certain other support services (if requested by the service-acquiring bank or required by the BRSA). Furthermore,

banks are required to consolidate their financial statements on a quarterly basis in accordance with certain consolidation principles established by the BRSA. The year-end consolidated financial statements are required to be audited whereas interim consolidated financial statements are subject to only a limited review by independent audit firms.

Deloitte was appointed as the Group's auditor for 2021, 2022 and 2023 in the Bank's ordinary General Assembly Meeting in each of such years. The BRSA Financial Statements of the Bank and the Group incorporated into this Prospectus have been audited or reviewed, as applicable, by Deloitte as stated in its reports incorporated by reference herein. The auditor for 2024 is intended to be selected at the Bank's next ordinary General Assembly Meeting, currently expected to be held in March 2024.

Internal Controls

Pursuant to the Banking Law, banks must establish internal control, risk management and internal audit systems, including adequate number of supervisors, which must be in compliance with the scope and structure of their activities, covering all their branches and undertakings subject to consolidation in order to monitor and control the risks that they encounter.

SHARE CAPITAL AND OWNERSHIP

Share Capital

The authorised share capital of the Bank is TL 2,204,390,000, represented by an equivalent number of registered ordinary shares, with a par value of TL 1.00 each. The total shareholder's equity of the Group as of 30 September 2023 amounted to TL 35.6 billion (see "Capitalisation of the Group"). The Bank's articles of association require that the Bank's shares are issued against cash payment and are registered.

Ownership

The following table sets forth certain information with respect to the Bank's principal shareholders as of 31 December 2023.

Name of owner	Number of shares	Percent of outstanding share capital
TEB Holding[1]	1,212,414,500.00	55.00%
BNP Paribas Yatirimlar Holding A.Ş.[2]	518,342,498.52	23.51%
BNP Paribas Fortis Yatirimlar Holding A.Ş. (BNPP FY Holding)[2]	467,879,148.84	21.23%
BNP Paribas[2]	5,253,352.00	0.24%
Kocaeli Ticaret Odası	500,500.64	0.02%
Total	**2,204,390,000.00**	**100.00%**

(1) 50/50 joint venture between BNPP FY Holding and members of the Çolakoğlu Group.
(2) BNP Paribas Group companies.

As noted previously, the Bank is a subsidiary of BNP Paribas, which directly or indirectly owns and controls 72.48% of the Bank's shares and consolidates the Bank into its consolidated financial statements.

BNP Paribas

With an integrated and diversified model, BNP Paribas is a leader in banking and financial services in Europe. The BNP Paribas Group leverages its strong customer franchises and business lines with solid positions in Europe and favourable positions internationally, which are strategically aligned to better serve customers and partners on a long-term basis.

The BNP Paribas Group operates in 65 countries and has nearly 185,000 employees, including nearly 145,000 in Europe. The BNP Paribas Group's activities are diversified and integrated within a distinctive model combining commercial & personal banking activities in Europe and abroad, specialised businesses (consumer finance, mobility and leasing services and new digital business lines), insurance, wealth and asset management and corporate and institutional banking.

BNP Paribas' organisation is based upon three operating divisions: (a) Corporate & Institutional Banking (b) Commercial, Personal Banking and Services and (c) Investment and Protection Services. The Bank coordinates with these global businesses to benefit from their global experience and customers and extensive advancement in technology and other processes.

Çolakoğlu Group

The "*Çolakoğlu Group*" consists of Çolakoğlu Metalurji A.Ş., Denak Depoculuk ve Nakliyecilik A.Ş., Galata Yatırım Holding A.Ş., members of the Çolakoğlu family and affiliated entities.

RELATED PARTY TRANSACTIONS

Under BRSA regulations, related parties of the Bank include entities or individuals that are directors, shareholders, general managers and deputy general managers (and, even if they are employed under different titles, managers who have equivalent or higher positions in terms of their responsibilities and powers), the respective spouses and children of any of the aforementioned individuals, affiliates or entities under the common management or control of the Bank.

The Bank is controlled by BNP Paribas and the Çolakoğlu family through their 50/50 ownership of TEB Holdings. Set forth below is a summary of the Bank's material transactions and arrangements with the BNP Paribas Group, the Çolakoğlu Group and its other related parties.

Turkish banking regulations limit exposure to related companies, and the Group's exposure to the BNP Paribas Group, the Çolakoğlu Group and other related parties is within the limit permitted by such regulations. See "Turkish Regulatory Environment – Lending Limits."

The Group has entered into banking transactions with members of the Board of Directors of the Bank and key management of the Bank and other Group companies, as well as with the close members of family and entities controlled or jointly controlled by those persons, in the normal course of business. The list of the members of the Board of Directors of the Bank is presented under "Management - Board of Directors."

The following table sets forth the Group's outstanding cash and non-cash loans and other receivables with related parties and the related interest and commission income earned therefrom, in each case, for the indicated date or applicable period.

	Bank's Direct and Indirect Shareholders		**Other Legal and Real Persons in Risk Group**	
	Cash	**Non-Cash**	**Cash**	**Non-Cash**
Loans and Other Receivables	*(TL thousands)*			
Balance				
30 September 2023	386,406	1,117,105	1,249,222	132,841
31 December 2022	295,698	1,118,603	1,317,029	93,918
31 December 2021	238,949	389,230	1,775,528	129,424
31 December 2020	161,422	438,193	810,094	89,477
Interest and commission income				
First nine months of 2023	25,407	1,500	108,243	1,237
2022	2,940	4,290	163,137	402
2021	4,838	3,333	54,971	316
2020	7,596	2,125	16,452	629

The following table sets forth information on the Group's deposits provided by related parties and the related interest paid thereon, in each case, for the indicated date or applicable period.

	Bank's Direct and Indirect Shareholders	**Other Legal and Real Persons in Risk Group**
Deposits	*(TL thousands)*	
Amount		
30 September 2023	5,753,766	2,102,497
31 December 2022	5,686,882	1,332,483
31 December 2021	4,577,873	1,263,224
31 December 2020	5,596,710	1,281,302
Interest expense		
First nine months of 2023	451,668	133,132
2022	268,540	215,240
2021	423,573	110,248
2020	162,488	39,047

The following table sets forth information on the Group's derivative transactions with related parties, including the related income or loss, in each case, for the indicated date or applicable period.

	Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Financial Assets at Fair Value Through Profit or Loss	Hedging Transactions Purposes	Financial Assets at Fair Value Through Profit or Loss	Hedging Transactions Purposes
Derivatives	(TL thousands)			
Balance				
30 September 2023	79,758,532	14,246,466	1,779,640	-
31 December 2022	58,227,206	16,690,868	2,322,171	-
31 December 2021	36,494,649	9,575,676	729,855	-
31 December 2020	18,396,561	10,139,721	284,453	-
Total income/loss				
First nine months of 2023	426,505	108,831	(34,617)	-
2022	(1,227,922)	1,368,711	1,676,472	-
2021	(521,049)	421,932	(63,701)	-
2020	(1,106,802)	949,648	(23,94)	-

"Direct shareholders" are the shareholders listed in "Share Capital and Ownership." "Indirect shareholders" are BNP Paribas, Çolakoğlu family members, Denak Depoculuk ve Nakliyecilik A.Ş., Çolakoğlu Metalurji A.Ş., Galata Yatırım Holding A.Ş. "Others" are all other Çolakoğlu Group companies and BNP Paribas Group companies.

THE TURKISH BANKING SECTOR

The following information relating to the Turkish banking sector has been provided for background purposes only. The information has been extracted from third-party sources that the Bank's management believes to be reliable but the Bank has not independently verified such information. See "Responsibility Statement."

The Turkish Banking Sector

After a phase of consolidation, liquidations and significant regulatory enhancements in the 2000s, the Turkish banking sector has experienced a period of stability. The total number of banks (including deposit-taking banks, investment banks and development banks) in the sector has held relatively steady since 2008. During this phase, bank combinations have been few and changes to the roster have resulted principally from strategic investors purchasing existing local banks. Foreign investors have, amongst others, included BBVA, BNP Paribas, Citigroup, HSBC, ING, Bank of China, Intesa Sanpaolo, MUFG Bank, Ltd., Industrial and Commercial Bank of China, Qatar National Bank and, in the most recent significant acquisition, Emirates NBD acquired Sberbank's stake in Denizbank A.Ş. ("*Denizbank*"), a mid-sized bank in Türkiye, in 2019.

As of 31 December 2023, 52 banks (including domestic and foreign banks but excluding the Central Bank) were operating in Türkiye (six participation banks, which conduct their business under different legislation in accordance with Islamic banking principles, are not included in this analysis). Thirty-five of these were deposit-taking banks (including the Bank) and the remainder were development and investment banks. Among the deposit-taking banks, three banks were state-controlled banks, eight were private domestic banks, 21 were private foreign banks and three were under the administration of the SDIF.

The Banking Law permits deposit-taking banks to engage in all fields of financial activities, including deposit collection, corporate and consumer lending, foreign exchange transactions, capital market activities and securities trading. Typically, major commercial banks have nationwide branch networks and provide a full range of banking services, while smaller commercial banks focus on wholesale banking. The main objectives of development and investment banks are to provide medium- and long-term funding for investment in different sectors.

Deposit-taking Turkish banks' total balance sheets have grown at a compound annual growth rate ("*CAGR*") of 25.8% from 31 December 2012 to 31 December 2022, driven (including as a result of inflation and the depreciation of the Turkish Lira) by loan book expansion and customer deposits growth, which increased by a CAGR of 24.7% and 27.1%, respectively, during such period, in each case according to data from the BRSA. Despite strong growth of net loans and customer deposits, the Turkish banking sector remains relatively under-penetrated compared to the eurozone. Loans/GDP and customer deposits/GDP ratios of the Turkish banking sector were 50.0% and 59.1%, respectively, as of 31 December 2022 according to BRSA and Turkstat data, whereas 19 countries in the eurozone's banking sector had average loan and customer deposit penetration ratios of 98.3% and 116.2%, respectively, as of the same date based upon data from the ECB.

The following table shows key indicators for deposit-taking banks in Türkiye as of (or for the period ended on) the indicated dates.

	As of (or for the year ended) 31 December					As of (or for the nine months ended) 30 September 2023
	2018	2019	2020	2021	2022	
	(*TL millions, except percentages*)					
Balance sheet						
Loans	2,088,599	2,308,603	3,091,047	4,152,545	6,517,978	9,186,883
Total assets	3,403,305	3,904,022	5,281,462	7,882,807	12,340,649	18,118,765
Customer deposits	1,899,352	2,351,444	3,133,909	4,746,930	7,970,792	11,980,169
Shareholders' equity	367,745	425,808	519,022	613,560	1,226,089	1,635,207
Income statement						
Net interest income	133,019	146,242	192,159	236,431	682,763	396,496
Net fees and commission income	34,811	46,614	42,214	59,154	118,542	180,468
Total income	180,715	204,682	253,062	336,382	985,287	977,179
Net Profit	47,711	40,986	48,688	77,608	380,041	371,659
Key ratios						
Loans-to-customer deposits ratio	110.0%	98.2%	98.6%	87.5%	81.8%	76.7%
Net interest margin(1)	4.8%	4.7%	4.9%	4.7%	8.4%	5.3%
Return on average shareholders' equity(2)	13.9%	10.4%	10.4%	14.1%	41.7%	34.6%
Capital adequacy ratio	16.9%	18.0%	18.3%	18.1%	19.2%	18.1%

Source: BRSA monthly bulletin (www.bddk.org.tr)

(1) Calculated as net interest income/(expense) *as a percentage of* the average interest-earning assets (securities, performing loans and other interest-earning assets) for the applicable period as reported in the BRSA monthly bulletin.

(2) Calculated as profit *as a percentage of* the average shareholders' equity for the applicable period as reported in the BRSA monthly bulletin.

Competition

The Turkish banking industry is highly competitive and relatively concentrated with the top 10 deposit-taking banks accounting for 93.0% of total assets of deposit-taking banks as of 31 December 2022 according to data from the BRSA. Among the top 10 Turkish banks, there are three state-controlled banks – Ziraat, Vakıfbank and Halkbank, which were ranked first, second and fourth, respectively, in terms of total assets as of such date according to the bank-only financials published in the Public Disclosure Platform (www.kap.gov.tr). These three state-controlled banks accounted for 45.0% of deposit-taking Turkish banks' performing loans and 45.3% of customer deposits as of such date according to the BRSA. The top four privately-owned banks as of such date were Türkiye İş Bankası A.Ş., Garanti, Yapı ve Kredi Bankası A.Ş. and Akbank T.A.Ş., which in total accounted for 38.9% of deposit-taking Turkish banks' performing loans and 38.1% of customer deposits as of such date according to the BRSA. The remaining banks in the top 10 deposit-taking banks in Türkiye as of such date included three mid-sized banks, namely QNB Finansbank A.Ş., Denizbank and the Bank, which were controlled by Qatar National Bank, Emirates NBD and TEB Holding, respectively, as of such date.

TURKISH REGULATORY ENVIRONMENT

Regulatory Institutions

Turkish banks and branches of foreign banks in Türkiye are primarily governed by two regulatory authorities in Türkiye, the BRSA and the Central Bank.

The Role of the BRSA

In June 1999, the Banks Act No. 4389 (which has been replaced by the Banking Law) established the BRSA. The BRSA supervises the application of banking legislation, monitors the banking system and is responsible for ensuring that banks observe banking legislation.

Articles 82 and 93 of the Banking Law state that the BRSA, having the status of a public legal entity with administrative and financial autonomy, has been established in order to ensure the application of the Banking Law and other relevant acts, to ensure that savings are protected and to carry out other activities as necessary by issuing regulations within the limits of the authority granted to it by the Banking Law. The BRSA is obligated and authorised to take and implement any decisions and measures in order to prevent any transaction or action that might jeopardise the rights of depositors and the regular and secure operation of banks and/or might lead to substantial damage to the national economy, as well as to ensure efficient functioning of the credit system.

The BRSA has responsibility for all banks operating in Türkiye, including development and investment banks, foreign banks and participation banks. The BRSA sets various mandatory ratios such as reserve levels, capital adequacy and liquidity ratios. In addition, all banks must provide the BRSA, on a regular and timely basis, information adequate to permit off-site analysis by the BRSA of such bank's financial performance, including balance sheets, profit and loss accounts, board of directors' reports and auditor's reports.

The BRSA conducts both on-site and off-site audits and supervises implementation of the provisions of the Banking Law and other legislation, examination of all banking operations and analysis of the relationship and balance between assets, receivables, equity capital, liabilities, profit and loss accounts and all other factors affecting a bank's financial structure.

The Role of the Central Bank

The Central Bank was founded in 1930 and performs the traditional functions of a central bank, including the issuance of bank notes, determining the exchange rate regime in Türkiye jointly with the government and to design and implement this regime, maintenance of price stability and continuity, regulation of the money supply, management of official gold and foreign exchange reserves, monitoring of the financial system and advising the government on financial matters. The Central Bank exercises its powers independently of the government. The Central Bank is empowered to determine the inflation target together with the government, and to adopt a monetary policy in compliance with such target. The Central Bank is the only authorised and responsible institution for the implementation of such monetary policy.

The Central Bank has responsibility for all banks operating in Türkiye, including foreign banks. The Central Bank sets mandatory reserve levels. In addition, each bank must provide the Central Bank, on a current basis, information adequate to permit off-site evaluation of its financial performance, including balance sheets, profit and loss accounts, board of directors' reports and auditor's reports.

Pursuant to amendments introduced to the Banking Law in 2020, the Central Bank has been empowered to determine maximum interest rates for lending and deposit-taking activities of banks, as well as caps on fees, expenses and commissions charged by banks to their clients for any sort of activity.

Banks Association of Türkiye

The Banks Association of Türkiye is an organisation that provides limited supervision of and coordination among banks (excluding the participation banks) operating in Türkiye. All banks (excluding the participation banks) in Türkiye are obligated to become members of this association. As the representative body of the banking sector, the association aims to

examine, protect and promote its members' professional interests; however, despite its supervisory and disciplinary functions, it does not possess any powers to regulate banking.

Shareholdings

The direct or indirect acquisition by a Person of shares that represent 10% or more of the share capital of any bank or the direct or indirect acquisition or disposition of such shares by a Person if the total number of shares held by such Person increases above or falls below 10%, 20%, 33% or 50% of the share capital of a bank, requires the permission of the BRSA in order to preserve full voting and other shareholders' rights associated with such shares. In addition, irrespective of the thresholds above, an assignment and transfer of privileged shares with the right to nominate a member to the board of directors or audit committee (or the issuance of new shares with such privileges) is also subject to the authorisation of the BRSA. Additionally, the direct or indirect acquisition or transfer of any shares of a legal entity that owns 10% or more of the share capital of a bank is subject to the BRSA's approval if such transfer results in the total number of such legal entity's shares directly or indirectly held by a shareholder increasing above or falling below 10%, 20%, 33% or 50% of the share capital of such legal entity. If such approval is not obtained, then the relevant shares would merely entitle their owner to the right to dividends whereas the voting and other shareholder rights would be exercised by the SDIF.

The board of directors of a bank is responsible for taking necessary measures to ascertain that shareholders attending a general assembly have obtained the applicable authorisations from the BRSA. If the BRSA determines that a shareholder has exercised voting or other shareholders' rights (other than the right to collect dividends) without due authorisation as described in the preceding paragraph, then it is authorised to direct the board of directors of a bank to start the procedure to cancel such applicable general assembly resolutions (including by way of taking any necessary precautions concerning such banks within its authority under the Banking Law if such procedure has not been started yet). If the shares are obtained on the stock exchange, then the BRSA may also impose administrative fines on shareholders who exercise their rights or acquire or transfer shares as described in the preceding paragraph without authorisation by the BRSA. In the case that the procedure to cancel such general assembly resolutions is not yet started, or such transfer of shares is not deemed appropriate by the BRSA even though the procedure to cancel such general assembly resolutions is started, then, upon the notification of the BRSA, the SDIF has the authority to exercise such voting and other shareholders' rights (other than the right to collect dividends and priority rights) attributable to such shareholder.

Lending Limits

The Banking Law and the Regulation on the Determination of Risk Groups and Credit Limits published in the Official Gazette dated 21 December 2023 and No. 32406 (the "*Regulation on the Determination of Risk Groups and Credit Limits*") set out certain lending limits for banks and other financial institutions designed to protect those institutions from excessive exposure to any one counterparty (or group of related counterparties); *however*, pursuant to Article 77 of the Banking Law, investment and development banks are not subject to such lending limits. In particular:

(a) Credits extended to a natural person, a legal entity or a risk group (as defined under Article 49 of the Banking Law) in the amounts of 10% or more of a bank's shareholders' equity are classified as large credits and the total of such credits cannot be more than eight times the bank's shareholders' equity.

(b) The Banking Law and the Regulation on the Determination of Risk Groups and Credit Limits restrict the total financial exposure (including extension of credits, issuance of guarantees, etc.) that a bank may have to any one customer or a risk group directly or indirectly to 25% of its capital and equity capital. Furthermore, a bank, its shareholders holding 10% or more of the bank's voting rights or the right to nominate board members, its board members, its general manager, its deputy general managers and, notwithstanding their title, its managers employed in equivalent or higher positions (in each case, and their respective spouses and children) and partnerships directly or indirectly, individually or jointly, controlled by any of such persons or a partnership in which such persons participate with unlimited liability or in which such persons act as a member of the board of directors or general managers constitute a risk group, for which the lending limits are reduced to 20% of a bank's capital and equity capital, subject to the BRSA's discretion to increase such lending limits up to 25% or to lower it to the legal limit.

(c) Loans extended to a bank's shareholders (irrespective of whether they are controlling shareholders or they own qualified shares) registered with the share ledger of the bank holding more than 1% of the share capital of the bank and their risk groups may not exceed 50% of the bank's capital equity.

Non-cash loans, futures and option contracts and other similar contracts, avals, guarantees and suretyships, transactions carried out with credit institutions and other financial institutions, transactions carried out with the central governments, central banks and banks of the countries accredited with the BRSA, as well as bills, bonds and similar capital market instruments issued or guaranteed to be paid by them, and transactions carried out pursuant to such guarantees are taken into account for the purpose of calculation of loan limits within the framework of principles and ratios set by the BRSA.

Pursuant to Article 55 of the Banking Law, the following transactions are exempt from the above-mentioned lending limits:

(a) transactions backed by cash, cash-like instruments and accounts and precious metals,

(b) transactions carried out with the Turkish Treasury, the Central Bank, the Privatisation Administration, the Housing Development Administration of Türkiye, Türkiye's sovereign wealth fund (*Türkiye Varlık Fonu*) and its management company (*Türkiye Varlık Fonu Yönetimi A.Ş.*) as well as transactions carried out against bills, bonds and other securities issued by or payment of which is guaranteed by these institutions,

(c) transactions carried out in money markets established by the Central Bank or pursuant to special laws,

(d) in the event a new loan is extended to the same Person or to the same risk group (but excluding checks and credit cards), any increase due to the volatility of exchange rates, taking into consideration the current exchange rate of the loans made available earlier in foreign currency (or exchange rate), at the date when the new loan was extended; as well as interest accrued on overdue loans, dividends and other elements,

(e) equity participations acquired due to any capital increases at no cost and any increase in the value of equity participations not requiring any fund outflow,

(f) transactions carried out among banks on the basis set out by the BRSA,

(g) equity participations acquired through underwriting commitments in public offerings; *provided* that such participations are disposed of in a manner and at a time determined by the BRSA,

(h) transactions that are taken into account as deductibles in calculation of equity, and

(i) other transactions to be determined by the BRSA.

Pursuant to the Regulation on the Determination of Risk Groups and Credit Limits, the BRSA has determined that the following transactions are exempt from the above-mentioned lending limits:

(a) receivables from central administrations, central banks or public institutions, subject to the same application as receivables from central governments pursuant to the Capital Adequacy Regulation, and receivables secured by guarantees provided by central governments or protected with securities issued; *provided* that the conditions specified in the Communiqué on Credit Risk Reduction Techniques are met,

(b) intraday receivables arising from the transactions of banks with other banks, including foreign banks,

(c) receivables arising from clearing and settlement transactions with central counterparties performing qualified transactions within the scope of the Capital Adequacy Regulation, and

(d) amounts deducted from equity capital.

In addition, avals, guarantees and sureties from real or legal persons included in the same risk group as a borrower are not taken into account in the calculation of the credit limits of such risk group.

In addition to the transactions stated in the preceding paragraph, the following transactions also are not t be taken into account in the calculation of the credit limits extended to the risk group to which the applicable bank belongs:

(a) shareholding interests in consolidated banks and financial institutions,

(b) commitments given by a bank in Türkiye with the effect of unlimited guarantee given to the competent authorities of foreign countries (in accordance with the relevant country's law) to guarantee the obligations of entities that consolidated into such bank engaged in banking activities in foreign countries, and

(c) shares acquired free of charge as a result of capital increases and value increases of the applicable company's shares; *provided* that such do not require any outflow of funds.

Expected Credit Losses

Pursuant to Article 53 of the Banking Law, banks must formulate, implement and regularly review policies regarding compensation for losses that have arisen or are likely to arise in connection with loans and other receivables and to reserve an adequate level of provisions against depreciation or impairment in the value of other assets, for qualification and classification of assets, receipt of guarantees and securities and measurement of their value and reliability. In addition, such policies must address issues such as monitoring loans under review, write-off of such loans in accordance with Turkish Financial Reporting Standards as published by the POA, follow-up procedures and the repayment (including restructuring) of loans. All special provisions set aside for loans in accordance with this article are considered to be expenditures deductible from the corporate tax base in the year in which they are set aside. Loans written off as per this article due to the loss of recovery possibility after setting aside special provisions are to be recorded as bad debt.

Procedures relating to expected credit losses for NPLs are set out in Article 53 of the Banking Law and in regulations issued by the BRSA (principally through the Classification of Loans and Provisions Regulation, which entered into force as of 1 January 2018 and replaced the former regulation).

Pursuant to the Classification of Loans and Provisions Regulation, banks are required to classify their loans and other receivables into one of the following groups:

(a) *Group I: Loans of a Standard Nature:* This group involves each loan (which, for purposes of the Classification of Loans and Provisions Regulation, includes other receivables, and shall be understood as such elsewhere in this Prospectus):

(i) that has been disbursed to financially creditworthy natural persons and legal entities,

(ii) the principal and interest payments of which have been structured according to the solvency and cash flow of the debtor,

(iii) repayments of which have been made within due dates or have not been overdue for more than 30 days, for which no repayment problems are expected in the future, and that have the ability to be collected in full without recourse to any collateral,

(iv) for which no weakening of the creditworthiness of the applicable debtor has been found, and

(v) to which 12 month expected credit loss reserve applies under TFRS 9.

On 27 March 2020 (with retroactive effect from 17 March 2020), the BRSA (as part of the measures taken against the impacts of the COVID-19 pandemic) announced a temporary rule (effective until 31 December 2020) providing that the 30 days referred to in clause (iii) is replaced with 90 days, resulting in a 60-day extension in the period for loans remaining categorised as Group I loans before being categorised as Group II loans. On 8 December

2020, the BRSA extended this temporary rule until 30 June 2021, which (on 17 June 2021) was then further extended through 30 September 2021. On 16 September 2021, the BRSA announced that, notwithstanding the expiration of this temporary rule on 30 September 2021, it would still apply to loans classified (as per this provisional measure) as Group I loans that were overdue for more than 31 days but not more than 90 days as of 1 October 2021.

(b) *Group II: Loans Under Close Monitoring:* This group involves each loan:

(i) that has been extended to financially creditworthy natural persons and legal entities and where negative changes in the debtor's solvency or cash flow have been observed or predicted due to adverse events in macroeconomic conditions or in the sector in which the debtor operates, or other adverse events solely related to the respective debtor,

(ii) that needs to be closely monitored due to reasons such as significant financial risk carried by the debtor at the time of the utilisation of the loan,

(iii) in connection with which problems are likely to occur as to principal and interest payments under the conditions of the loan agreement, and where such problems (in case not resolved) might result in non-payment risk before recourse to any collateral,

(iv) although the creditworthiness of the debtor has not weakened in comparison with its creditworthiness on the day the loan is granted, there is likelihood of such weakening due to the debtor's irregular and unmanageable cash flow,

(v) the collection of principal and/or interest payments of which are overdue for more than 30 but less than 90 days following any payment due date (including the maturity date) for reasons that cannot be interpreted as a weakening in creditworthiness,

(vi) in connection with which the credit risk of the debtor has notably increased pursuant to TFRS 9,

(vii) repayments of which are fully dependent upon collateral and the net realisable value of such collateral falls under the receivable amount,

(viii) that has been subject to restructuring when monitored under Group I or Group II without being subject to classification as an NPL, or

(ix) that has been subject to restructuring while being monitored as an NPL and classified as a performing loan upon satisfaction of the relevant conditions stated in the regulation.

On 27 March 2020 (with retroactive effect from 17 March 2020), the BRSA (as part of the measures taken against the impacts of the COVID-19 pandemic) announced a temporary rule (effective until 31 December 2020) providing that the 30 days referred to in clause (v) is replaced with 90 days, resulting in a 60-day extension in the period for loans remaining categorised as Group I loans before being categorised as Group II loans. On 8 December 2020, the BRSA extended this temporary rule until 30 June 2021, which (on 17 June 2021) was then further extended through 30 September 2021. On 16 September 2021, the BRSA announced that, notwithstanding the expiration of this temporary rule on 30 September 2021, it would still apply to loans classified (as per this provisional measure) as Group II loans that were overdue for more than 91 days but not more than 180 days as of 1 October 2021.

(c) *Group III: Loans with Limited Recovery*: This group involves each loan:

(i) in connection with which the debtor's creditworthiness has weakened,

(ii) that demonstrates limited possibility for the collection of the full amount due to the insufficiency of net realisable value of the collateral or the debtor's resources to meet the collection of the full amount on the due date without any recourse to the collateral, and that would likely result in losses in case such problems are not resolved,

(iii) collection of the principal and/or interest of which has/have been delayed for more than 90 days but not more than 180 days from the payment due date,

(iv) in connection with which the bank is of the opinion that collection by the bank of the principal or interest of the loan or both will be delayed for more than 90 days from the payment due date owing to reasons such as the debtor's difficulties in financing working capital or in creating additional liquidity as a result of adverse events in macroeconomic conditions or in the sector in which the debtor operates or other adverse events solely related to the debtor, or

(v) that has been classified as a performing loan after restructuring but principal and/or interest payments of which have been overdue for more than 30 days within one year of restructuring or have been subject to another restructuring within a year of a previous restructuring.

On 17 March 2020, the BRSA (as part of the measures taken against the impacts of the COVID-19 pandemic) implemented a temporary rule (effective until 31 December 2020) providing that the 90 days referred to in clauses (iii) and (iv) are replaced with 180 days, resulting in loans remaining categorised as Group II loans longer. The temporary rule did not provide any guidance as to classification of loans with payment delays of more than 180 days; *however*, it might be the case that such loans would bypass Group III and become Group IV loans. This temporary rule also suspended the application of clause (v) through 31 December 2020. On 8 December 2020, the BRSA extended this temporary rule until 30 June 2021, which (other than the suspension of the application of clause (v)) was on 17 June 2021 further extended through 30 September 2021. On 16 September 2021, the BRSA announced that, notwithstanding the expiration of this temporary rule on 30 September 2021, it would still apply to loans classified (as per this provisional measure) as Group II loans that were overdue for more than 91 days but not more than 180 days as of 1 October 2021.

(d) *Group IV: Loans with Suspicious Recovery*: This group involves each loan:

(i) principal and/or interest payments of which will probably not be repaid in full under the terms of the loan agreement without recourse to any collateral,

(ii) in connection with which the debtor's creditworthiness has significantly deteriorated, but which loan is not considered as an actual loss due to expected factors such as merger, the possibility of finding new financing or a capital increase to enhance the debtor's creditworthiness or the possibility of the credit being collected,

(iii) the collection of principal and/or interest payments of which has been overdue for more than 180 days but less than one year following any payment due date (including the maturity date), or

(iv) the collection of principal and/or interest payments of which is expected to be overdue for more than 180 days following any payment due date (including the maturity date) as a result of adverse events in macroeconomic conditions or in the sector in which the debtor operates or adverse events solely related to the debtor.

(e) *Group V: Loans Considered as Losses:* This group involves each loan:

(i) for which, as a result of the complete loss of the debtor's creditworthiness, no collection is expected or only a negligible part of the total receivable amount is expected to be collected,

(ii) although having the characteristics stated in Groups III and IV, the collection of the total receivable amount of which, albeit due and payable, is unlikely within a period exceeding one year, or

(iii) the collection of principal and/or interest payments of which has been overdue for more than one year following any payment due date.

Pursuant to the Classification of Loans and Provisions Regulation, the following loans are classified as NPLs: (a) loans that are classified under Groups III, IV and V, (b) loans the debtors of which are deemed to have defaulted pursuant to the Communiqué on the Calculation of Principal Subject to Credit Risk by Internal-Ratings Based Approaches (published in the Official Gazette dated 23 October 2015 and numbered 29511) or (c) loans to which, as a result of debtor's default, the lifetime expected credit loss reserve applies under TFRS 9. Financial guarantees are also classified as NPLs on the basis of their nominal amounts in case where: (i) a risk of a compensation claim by the creditor has occurred or (ii) the debt assumed under the relevant financial guarantee falls within the scope of any of the circumstances stated in clause (a), (b) or (c). If several loans have been extended to a debtor by the same bank and any of these loans is classified as an NPL, then all other loans extended to such debtor by such bank shall also be classified as NPLs; *however*, for consumer loans, even if any of these loans is classified as an NPL, other consumer loans granted to the same debtor may be classified in the respective applicable group other than Group I. According to the decisions of the BRSA dated 15 November 2018 and numbered 8095 and dated 1 August 2019 and numbered 5477, KGF-guaranteed loans (which are supported by the Turkish Treasury) and loans restructured within the scope of the Framework Agreement will not be classified as NPLs unless there is an overdue amount for more than 90 days following the due date; *however*, pursuant to March 2020 amendments to the rules, the 90 day limit was increased to 180 days until 31 December 2020. On 8 December 2020, the BRSA extended this temporary rule until 30 June 2021, which (on 17 June 2021) was then further extended through 30 September 2021. On 16 September 2021, the BRSA announced that, notwithstanding the expiration of this temporary rule on 30 September 2021, it would still apply to loans that were overdue for more than 91 days but not more than 180 days as of 1 October 2021. On 8 July 2021, the BRSA published amendments to the Regulation on Loan Transactions of Banks (which was then replaced by a new Regulation on Loan Transactions of Banks effective as of 1 January 2024), pursuant to which amendments a resolution mechanism regarding restructured loans and NPLs is required to be implemented by banks whose gross NPLs are equal to or exceed 0.5% of the total NPLs in the Turkish banking sector.

On 27 November 2019, the BRSA published an amendment to the Classification of Loans and Provisions Regulation, which was retroactively made effective from 19 July 2019. According to this amendment, if the portion of a loan for which a lifelong expected loan loss provision or special provision has been set aside due to the debtor's default and that is classified under Group V is not reasonably expected to be recovered, then such portion/loan may (as an accounting matter) be written down within the scope of TFRS 9 as of the first fiscal reporting period following its classification under Group V. On 6 July 2021, the BRSA further amended the Classification of Loans and Provisions Regulation, pursuant to which amendments banks are allowed to write-down such portion/loan within a period that is deemed appropriate by the bank; *however*, banks are required to justify and record the relevant time period and have the relevant documents available for audit.

The Classification of Loans and Provisions Regulation includes detailed rules and criteria in relation to concepts of the "reclassification" and "restructuring" of loans. The reclassification of NPLs as performing loans is subject to the following conditions: (a) all overdue repayments that have caused the relevant loan to be classified as an NPL have been collected in full without any recourse to any security, (b) as of the date of the reclassification, there has not been any overdue repayment and the last two repayments preceding such date (except the repayments mentioned in clause (a)) have been realised in full by their due date, and (c) conditions for such loans to be classified under Group I or II have been fulfilled. Furthermore, loans that have been fully or partially written-down by the banks in their assets, security for which loans has been enforced to satisfy the debt or repayment of which has been made in kind, cannot be classified as a performing loan. On 6 July 2021, the BRSA introduced amendments to the Classification of Loans and Provisions Regulation, pursuant to which amendments banks are required to keep the criteria for reclassification of NPLs in written form and make the relevant documents available for audit. According to non-public BRSA decisions dated 8 November 2019 and 8 December 2020, loans that are partially repaid through the foreclosure on collateral or have been paid in kind were exempt from this regulation through 30 June 2021.

The restructuring of a loan consists of: (a) amendments to the conditions of the loan agreement or (b) partial or full refinancing of the loan. In this respect, an NPL may be reclassified as a restructured loan under Group II subject to the following conditions: (i) upon evaluation of the financial standing of the debtor, it has been determined that the conditions for the applicable loan to be classified as an NPL have disappeared, (ii) the loan has been monitored as an NPL at least for one year following restructuring, (iii) as of the date of reclassification as a Group II loan, there has not been any delay in principal and/or interest payments nor are there any expectation of any such delay in the future, and (iv) overdue payments and/or written-down principal payments in relation to the restructured loan have been collected. According to a non-public BRSA decision on 8 November 2019, the one-year period described in clause (ii) was reduced to six months; *however*, per the decision of the BRSA dated 17 June 2021, such rule was terminated as of 30 June 2021. Furthermore, such restructured NPL being reclassified as a performing Group II loan may be excluded from the scope of the restructuring if all the following conditions are met: (A) such loan has been monitored as a restructured loan under Group II at least for one year, (B) at least 10% of the outstanding

debt amount has been repaid during such one-year monitoring period, (C) there has not been any delay of more than 30 days in principal and/or interest payments of any loan extended to the applicable debtor during such monitoring period and (D) the financial difficulty that led to the restructuring of the loan no longer exists. Pursuant to the Classification of Loans and Provisions Regulation, banks applying TFRS 9 may reclassify their performing loans, which had been previously classified as restructured loans under Group II, under Group I again following a minimum three-month monitoring period, subject to the satisfaction of the requirements listed under clauses (C) and (D) above (regardless of the conditions under clauses (A) and (B) stated above). In addition, the modification of a contract and/or partially or totally refinancing a Group I loan of a debtor who is not in financial difficulty is not considered to be a restructuring and such loans can continue to be classified under Group I.

Pursuant to the Classification of Loans and Provisions Regulation, the general rule is that banks shall apply provisions for their loans pursuant to TFRS 9; *however*, the BRSA may, on an exceptional basis, authorise a bank to apply the applicable provisions set forth in the Classification of Loans and Provisions Regulation instead of those required by TFRS 9, subject to the presence of detailed and acceptable grounds. With respect to the requirements under TFRS 9, "twelve-months expected credit loss reserve" and "lifetime expected credit loss reserve set aside due to significant increase in credit risk profile of the debtor" are considered as general provisions while "lifetime expected credit loss reserve set aside due to debtor's default" is considered as special provisions.

Under Articles 10 and 11 of the Classification of Loans and Provisions Regulation, banks that have been authorised not to apply provisions under TFRS 9 are required to set aside general provisions for at least 1.5% and 3.0% of their total cash loans portfolio under Groups I and II, respectively. For non-cash loans, undertakings and derivatives, general provisions to be set aside are calculated by applying the foregoing percentages to the risk-weighted amounts determined pursuant to the Capital Adequacy Regulation. Subject to the presence of a written pledge or assignment agreement, loans secured with cash, deposit, participation funds and gold deposit accounts, bonds that are issued by the Turkish government (including the Central Bank) and guarantees and sureties provided by such are not subject to the general set aside calculation. Loans extended to the Turkish government (including the Central Bank) are not required to be considered in such calculation. As to special provisions, banks are required to set aside provisions for NPLs under Groups III, IV and V of at least 20%, 50%, and 100%, respectively, of the incurred credit loss.

For general provisions, banks are required to set aside provisions (separately) as per country risks and transfer risks, and, for special provisions, banks are required to consider country risks and transfer risks. In addition, the BRSA may increase such provision requirements for certain banks or loans taking into account the concentration, from time to time, of matters such as the size, type, due date, currency, interest structure, sector to which loans are extended, geographic circumstances, collateral and the credit risk level and management.

Regarding the monitoring of security by the banks that have been authorised not to apply provisions under TFRS 9, the Classification of Loans and Provisions Regulation increased the number of categories on collaterals (from four to five), amended the content of such categories, and amended the proportions to be deducted, in order to determine the net realisable values of the collaterals, from the borrower's NPLs as follows:

Category	Discount Rate
Category I collateral....................	100%
Category II collateral	80%
Category III collateral.................	60%
Category IV collateral.................	40%
Category V collateral	20%

According to amendments to the Equity Regulation and the Capital Adequacy Regulation that became effective as of 1 January 2022, general provisions would, from that date, no longer be allowed to be included in a bank's supplementary capital (*i.e.*, tier 2 capital); *however*, on 24 December 2021, the BRSA revoked these amendments. As such, these general provisions are included in supplementary capital and not deducted from a bank's risk-weighted assets.

Capital Adequacy

Article 45 of the Banking Law defines "capital adequacy" as having adequate capital against losses that could arise from the risks encountered. Pursuant to the same article, banks must calculate, achieve, maintain and report their capital

adequacy ratio, which, within the framework of the BRSA's regulations, cannot be less than 8% (excluding capital buffers). In addition, as a prudential requirement, the BRSA requires a 12% target capital adequacy ratio (adding 4% to the minimum regulatory capital ratio of 8% (in each case, excluding capital buffers)).

The BRSA is authorised to increase the minimum capital adequacy ratio and the minimum consolidated capital adequacy ratio, to set different ratios for each bank and to revise risk weights of assets that are based upon participation accounts, but must consider each bank's internal systems as well as its asset and financial structures.

The Equity Regulation defines capital of a bank as the sum of: (a) principal capital (*i.e.*, tier 1 capital), which is composed of core capital (*i.e.*, CET1 capital) and additional principal capital (*i.e.*, additional tier 1 capital) and (b) supplementary capital (*i.e.*, tier 2 capital) *minus* capital deductions. Pursuant to the Capital Adequacy Regulation: (i) both the unconsolidated and consolidated minimum CET1 capital adequacy ratios are 4.5% and (ii) both unconsolidated and consolidated minimum tier 1 capital adequacy ratios are 6.0%.

The BRSA published several regulations and communiqués or amendments to its existing regulations and communiqués (as published in the Official Gazette No. 29511 dated 23 October 2015 and No. 29599 dated 20 January 2016) in accordance with the Regulatory Consistency Assessment Programme ("*RCAP*") of the Basel Committee, which is conducted by the Bank for International Settlements (the "*BIS*"), with a view to ensure Türkiye's compliance with Basel regulations. These included amendments to the Equity Regulation and the entry into force of the Capital Adequacy Regulation, both on 31 March 2016. The Capital Adequacy Regulation sustained the capital adequacy ratios introduced by the former regulation but changed the risk weights of certain items, including: (a) the risk weights of foreign currency-denominated required reserves held with the Central Bank from 0% to 50%; *however*, on 24 February 2017, the BRSA amended its guidance to allow foreign exchange-denominated required reserves held with the Central Bank to be subject to a 0% risk weight, and (b) the exclusion of the general reserve for possible losses from capital calculations. On 24 December 2021, the Equity Regulation was amended to provide that the general reserve for possible loan losses be counted as supplementary capital (*i.e.*, tier 2 capital) of the applicable bank; *however*, the portion of the general reserves exceeding 1.25% of the risk-weighted total of the possible loan losses cannot be included in the supplementary capital (*i.e.*, tier 2 capital). If, during a fiscal period, free provisions recorded during previous fiscal periods are reversed, then the net income for such later period is increased by the amount of such reversals, which thus increases shareholders' equity.

The Capital Adequacy Regulation also lowered the risk weights of certain assets and credit conversion factors, including reducing: (a) the risk weights of residential mortgage loans from 50% to 35% (on 24 August 2023, the BRSA increased the risk weightings to 150% for residential mortgage loans extended to individuals who already had at least one residential property either personally or through their spouses or children under 18 years of age), (b) the risk weights of consumer loans (excluding residential mortgage loans) qualifying as retail loans (*perakende alacaklar*) in accordance with the Capital Adequacy Regulation and instalment payments of credit cards from a range of 100% to 150% (depending upon their outstanding tenor) to 75% (irrespective of their tenor) (on 31 July 2023, the BRSA increased the risk weighting for consumer credit cards (including cash withdrawals and spending), auto loans for passenger cars, auto-secured loans, financial leasing transactions with consumers and consumer cash loans (excluding mortgage loans and including overdraft accounts) issued after 31 July 2023 to 150%); *provided* that such receivables are not reclassified as NPLs, and (c) the credit conversion factors of commitments for credit cards from 20% to 0%. As of 7 February 2017, the BRSA published a decision that enables banks to use 0% risk weightings for Turkish Lira-denominated exposures guaranteed by the KGF and supported by the Turkish Treasury. On 12 June 2018, the BRSA announced its decision (dated 7 June 2018 and numbered 7841) to amend the per retail total risk limit for loans described in clause (b), which is the upper limit for such loans subjected to the 75% risk weight, from TL 4,200,000 to TL 5,500,000, which was then increased to TL 7,000,000 on 18 January 2019, TL 10,000,000 on 21 December 2021 and TL 20,000,000 on 31 January 2023.

In response to the COVID-19 pandemic, on 23 March 2020 and 16 April 2020, the BRSA announced regulatory forbearance measures that allow banks to: (a) use in their calculations of risk-weighted assets for credit risk exposures from March 2020 through 31 December 2020 (as per the decision dated 8 December 2020, extended through 30 June 2021) the foreign exchange rates that are used in their 2019 year-end financial statements, (b) use 0% risk weightings for foreign currency-denominated receivables owed by the centralised administration (*i.e.*, Turkish state institutions and other public institutions that do not have a separate legal entity and act under the legal entity of the Turkish sovereign) while calculating the amount of exposure subject to credit risk in accordance with the standardised approach as determined under the Capital Adequacy Regulation and (c) calculate the level of capital used in capital adequacy ratio calculations by disregarding through 31 December 2020 (as per the BRSA's decision dated 8 December 2020, extended through 30 June 2021) the negative net

valuation differences related to securities held as of 23 March 2020 in the portfolio of financial assets at fair value through other comprehensive income; *however*, on 17 June 2021, the BRSA indefinitely suspended the application of clause (iii) from 30 June 2021, and, as per its decision dated 21 December 2021, ended the suspension other than for the "securities whose fair value difference is reflected in other comprehensive income" were negative as of 21 December 2021 (as per a decision dated 12 December 2023, the BRSA established that the negative net valuation differences related to securities held as of 1 January 2024 in the portfolio of financial assets at fair value through other comprehensive income may be disregarded in capital adequacy ratio calculations; whereas the relevant provisions of the Regulation on Banks' Equity will continue to be implemented for securities obtained after 1 January 2024 whose fair value difference is reflected in other comprehensive income) and, as for the application of clause (i), determined that until such date as determined by the BRSA, banks may use the average of the Central Bank's foreign exchange buying rates during the 252 business days before the calculation date when calculating the risk-weighted amounts of credit risk exposures and the relevant special provision amounts as per TFRS for both cash and non-cash assets other than assets in foreign currency measured on a historical cost basis instead of using the relevant foreign exchange buying rate as of the calculation date (on 21 December 2021, the BRSA announced that, as of 1 January 2022 until otherwise determined by the BRSA, banks shall (if using this approach) use the average of the Central Bank's foreign exchange buying rates during the 252 business days ending on 31 December 2021; on 28 April 2022, the BRSA amended this rule so that, until such date as determined by the BRSA, banks may use the Central Bank's foreign exchange buying rates as of 31 December 2021 in certain capital and other calculations, and on 31 January 2023 the BRSA further amended this rule so that, until such date as determined by the BRSA, banks may use the Central Bank's foreign exchange buying rates as of 30 December 2022 in such calculations; which was then amended again on 12 December 2023 to provide that banks may use the Central Bank's foreign exchange buying rates as of 26 June 2023 in such calculations starting as of 1 January 2024).

On 28 April 2022, the BRSA increased the risk-weights applicable to commercial cash loans provided after 1 May 2022 from a range of 20-150% to 200%; *provided* that the following are excluded: (a) loans provided to SMEs, financial institutions, individuals and/or certain governmental authorities and their subsidiaries and (b) export and investment loans, agricultural loans, consumer loans and corporate credit cards. On 14 February 2023, as a result of two large earthquakes in Kahramanmaraş on 6 February 2023 that affected 10 different cities, the BRSA announced that such risk-weights shall (until 1 January 2024) not be applied to the personal credit cards and consumer loans and commercial cash loans provided after 6 February 2023 to customers located in the cities affected by such earthquakes. On 23 February 2023, the BRSA extended such provisional measures to other regions that satisfy certain criteria to be considered disaster areas.

On 23 June and 7 July 2022, the BRSA also increased the risk weights applicable to: (a) Turkish Lira- and foreign currency-denominated commercial cash loans to be utilised by Turkish legal or natural residents who have performed derivative transactions with non-residents after 23 June 2022 and (b) Turkish Lira-denominated commercial cash loans utilised after 30 June 2022 if the lending bank determines that the documents provided by the borrower are inadequate according to the BRSA's limitations on borrowings by companies with foreign currency-denominated assets above a certain threshold, in each case to 500% regardless of their credit risk mitigation technique, mortgage or credit rating notes.

On 31 July 2023, the BRSA increased the risk weightings for: (a) credit card exposures (including cash withdrawals and spending), (b) consumer cash loans (including overdraft accounts, auto loans for passenger cars and auto secured loans) and (c) financial leasing transactions with consumers to 150% for the loans issued after 31 July 2023; *however*, such increased risk weightings shall not be applied to customers located in the cities affected by such earthquakes until 1 January 2024. On 24 August 2023, the BRSA increased the risk weightings to 150% for residential mortgage loans extended to individuals who already had at least one residential property, either personally or through their spouses or children under 18 years of age.

Amendments to the Equity Regulation introduced certain limitations to the items that are included in the capital calculations of banks that have issued additional tier 1 and tier 2 instruments prior to 1 January 2014. According to these amendments, tier 2 instruments that were issued (*among others*) after 1 January 2013 are included in tier 2 calculations only if they satisfy all of the Tier 2 Conditions.

On 11 July 2017, clause 9(8)(b) of the Equity Regulation was repealed. In this context, the excess amount mentioned in Article 57 of the Banking Law (*i.e.*, "the total book value of the real property owned by a bank cannot exceed 50% of its capital base"), and the commodity goods and properties that banks acquire due to their receivables (*e.g.*, foreclosed-upon collateral) but have not disposed within three years, are no longer deducted from a bank's capital base.

In 2013, the BRSA published the Regulation on Capital Conservation and Countercyclical Capital Buffers, which entered into force on 1 January 2014 and provides additional core capital requirements both on a consolidated and

unconsolidated basis. Pursuant to this regulation, the additional core capital requirements are to be calculated by the multiplication of the amount of risk-weighted assets by the sum of a capital conservation buffer ratio and bank-specific countercyclical buffer ratio. According to this regulation, the capital conservation buffer for banks was set at 2.500% for 2019 and thereafter. Pursuant to decisions of the BRSA, the countercyclical capital buffer required for Turkish banks' exposures in Türkiye was initially set at 0% of a bank's risk-weighted assets in Türkiye; *however*, such ratio might fluctuate between 0% and 2.5% as announced from time to time by the BRSA. Any increase to the countercyclical capital buffer ratio is to be effective one year after the relevant public announcement, whereas any reduction is to be effective as of the date of the relevant public announcement.

In 2013, the BRSA also published the Regulation on the Measurement and Evaluation of Leverage Levels of Banks (which entered into force on 1 January 2014 with the exception of certain provisions that entered into effect on 1 January 2015), seeking to constrain leverage in the banking system and ensure maintenance of adequate equity on a consolidated and unconsolidated basis against leverage risks.

In February 2016, the BRSA issued the D-SIBs Regulation in line with the Basel Committee standards, introducing a methodology for assessing the degree to which banks are considered to be systemically important to the Turkish domestic market and setting out the additional capital requirements for those banks classified as D-SIBs. The contemplated methodology uses an indicator-based approach to identify and classify D-SIBs in Türkiye under four different categories: size, interconnectedness, lack of substitutability and complexity. Initially, a score for each bank is to be calculated based upon their 2014 year-end consolidated financial statements by assessing each bank's position against a threshold score to be determined by the BRSA. The D-SIBs Regulation requires banks identified as D-SIBs to maintain a capital buffer depending upon their respective classification. These buffers are applied as 3% for Group 4 banks, 2% for Group 3 banks, 1.5% for Group 2 banks and 1% for Group 1 banks. As of the date of this Prospectus, the Bank is not classified as a D-SIB under the D-SIBs Regulation.

Furthermore, the Regulation on Liquidity Coverage Ratios seeks to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30-calendar day period. The Regulation on Liquidity Coverage Ratios provides that the ratio of the high-quality asset stock to the net cash outflows, both of which are calculated in line with the regulation, cannot be lower than 100% in respect of total consolidated and unconsolidated liquidity and 80% in respect of consolidated and unconsolidated foreign exchange liquidity. The BRSA decision dated 26 December 2014 (No. 6143) on liquidity ratios provides that a 0% liquidity adequacy ratio limit applies to deposit banks. On 15 August 2017, the BRSA revised from 50% to 100% the ratio of required reserves held with the Central Bank that can be included in liquidity calculations. Unconsolidated total and foreign currency liquidity coverage ratios cannot be non-compliant more than six times within a calendar year, which includes non-compliances that have already been remedied.

Pursuant to the Equity Regulation, if a Turkish bank invests in debt instruments of other banks or financial institutions that are already invested in that Turkish bank's additional tier 1 or tier 2 capital, then the amount of such debt instrument (and their issuance premia) are required to be deducted when calculating that Turkish bank's additional tier 1 or tier 2 capital (as applicable).

On 7 June 2018, the BRSA published the Communiqué on Debt Instruments to be included in the Calculation of Banks' Equity, which sets forth procedures and principles for the write-up and write-down of the debt instruments or loans that are included in the calculation of banks' equity (*i.e.*, additional tier 1 and tier 2 capital) as well as procedures and principles related to conversion of such debt instruments into shares.

See also a discussion of the implementation of Basel III in "-*Basel Committee - Basel III*" below.

Tier 2 Rules

According to the Equity Regulation, which came into force on 1 January 2014, tier 2 capital shall be calculated by subtracting capital deductions from general provisions that are set aside for receivables and/or the surplus of provisions and capital deductions with respect to expected loss amounts for receivables (as the case may be, depending upon the method used by the bank to calculate the credit risk amounts of the applicable receivables) and the debt instruments that have been approved by the BRSA upon the application of the board of directors of the applicable bank along with a written statement confirming compliance of the debt instruments with the conditions set forth below and their issuance premia (the "*Tier 2 Conditions*"):

(a) the debt instrument shall have been issued by the bank and approved by the CMB and shall have been fully collected in cash,

(b) in the event of dissolution of the bank, the debt instrument shall have priority over debt instruments that are included in additional tier 1 capital and shall be subordinated with respect to rights of deposit holders and all other creditors,

(c) the debt instrument shall not be related to any derivative operation or contract, nor shall it be tied to any guarantee or security, in one way or another, directly or indirectly, in a manner that violates the condition stated in clause (b),

(d) the debt instrument must have an initial maturity of at least five years and shall not include any provision that may incentivise prepayment, such as dividends and increase of interest rate,

(e) if the debt instrument includes a prepayment option, such option shall be exercisable no earlier than five years after issuance and only with the approval of the BRSA; approval of the BRSA is subject to the following conditions:

(i) the bank should not create any market expectation that the option will be exercised by the bank, and

(ii)(A) the debt instrument shall be replaced by another debt instrument either of the same quality or higher quality, and such replacement shall not have a restrictive effect on the bank's ability to sustain its operations or (B) following the exercise of the option, the equity of the bank shall exceed the higher of: (1) the capital adequacy requirement that is to be calculated pursuant to the Capital Adequacy Regulation along with the BRSA's Regulation on Capital Conservation and Countercyclical Capital Buffers published on 5 November 2013, (2) the capital requirement derived as a result of an ICAAP of the bank and (3) the higher capital requirement set by the BRSA (if any);

however, if tax legislation or other regulations are materially amended, a prepayment option may be exercised; *provided* that the above conditions in this clause (e) are met and the BRSA approves,

(f) the debt instrument shall not provide investors with the right to demand early amortisation except for during a bankruptcy or dissolution process relating to the issuer,

(g) the debt instrument's dividend or interest payments shall not be linked to the creditworthiness of the issuer,

(h) the debt instrument shall not be: (i) purchased by the issuer or by corporations controlled by the issuer or significantly under the influence of the issuer or (ii) assigned to such entities, and its purchase shall not be directly or indirectly financed by the issuer itself,

(i) if there is a possibility that the bank's operating licence would be cancelled or the probability of the transfer of the management of the bank to the SDIF arises pursuant to Article 71 of the Banking Law due to the losses incurred by the bank, then removal of the debt instrument from the bank's records or the debt instrument's conversion to share certificates for the absorption of the loss would be possible if the BRSA so decides,

(j) in the event that the debt instrument has not been issued by the bank itself or one of its consolidated entities, the amounts obtained from the issuance shall be immediately transferred without any restriction to the bank or its consolidated entity (as the case may be) in accordance with the rules listed above, and

(k) the repayment of the principal of the debt instrument before its maturity is subject to the approval of the BRSA and the approval of the BRSA is subject to the same conditions as the exercise of the prepayment option as described in clause (e).

Loans (as opposed to securities) that have been approved by the BRSA upon the application of the board of directors of the applicable bank accompanied by a written statement confirming that all of the Tier 2 Conditions (except for the CMB approval condition stated in clause (a) of the Tier 2 Conditions) are met also can be included in tier 2 capital calculations.

In addition to the conditions that need to be met before including debt instruments and loans in the calculation of tier 2 capital, the Equity Regulation also provides a limit for inclusion of general provisions to be set aside for receivables and/or the surplus of provisions and capital deductions with respect to expected loss amounts of receivables; *however*, the portion of surplus of this amount that exceeds general provisions is not taken into consideration in calculating the tier 2 capital.

Furthermore, in addition to the Tier 2 Conditions stated above, the BRSA may require new conditions for each debt instrument and the procedure and principles regarding the removal of the debt instrument from the bank's records or the debt instrument's conversion to share certificates are determined by the BRSA.

Under Article 8(2)(ğ) of the Equity Regulation, to be eligible for inclusion as tier 2 capital, it must be possible pursuant to the terms of such capital that such capital be written down and/or converted into equity of the relevant bank upon the decision of the BRSA in the event that it is probable that: (a) the operating licence of such bank may be revoked or (b) shareholders' rights (except to dividends) and the management and supervision of such bank may be transferred to the SDIF, in each case pursuant to Article 71 of the Banking Law.

Prior to any determination of non-viability of a bank under Article 71 of the Banking Law, the BRSA may require a number of corrective, rehabilitative and/or restrictive actions to be taken by the bank in accordance with Articles 68, 69 and 70 of the Banking Law, including as described in "-Cancellation of Banking License." In the event that: (a) such actions are not (in whole or in part) taken by such bank within a period of time set forth by the BRSA or in any case within 12 months, (b) the financial structure of such bank cannot be strengthened despite its having taken such actions, (c) it is determined that taking these actions will not lead to the strengthening of the bank's financial structure, (d) the continuation of the activities of such bank would jeopardise the rights of the depositors and the participation account owners and the security and stability of the financial system, (e) such bank cannot cover its liabilities as they become due, (f) the total amount of the liabilities of such bank exceeds the total amount of its assets or (g) the controlling shareholders or directors of such bank are found to have utilised such bank's resources for their own interests, directly or indirectly or fraudulently, in a manner that jeopardised the secure functioning of the bank or caused such bank to sustain a loss as a result of such misuse, then the BRSA may determine that such bank is non-viable under Article 71 of the Banking Law.

Debt instruments and loans that are approved by the BRSA are included in accounts of tier 2 capital as of the date of transfer to the relevant accounts in the applicable bank's records. Loans and debt instruments that have been included in tier 2 capital calculations and that have less than five years to maturity shall be included in tier 2 capital calculations after being reduced by 20% each year.

Additional Tier 1 Capital Rules

Under Article 7(2)(i) of the Equity Regulation, in order for a debt to qualify as additional tier 1 capital of a bank, the bank must be entitled pursuant to the terms of that debt to write-down or convert into equity (but not necessarily both) such debt upon the CET1 capital adequacy ratio(s) of such bank, on a consolidated or non-consolidated basis, falling below 5.125%. In such a case, such bank is required to promptly notify the BRSA and an amount of such debt must be written-down and/or converted into equity, in each case to the extent necessary so as to restore the applicable such CET1 capital adequacy ratio(s) to at least 5.125%. As a result of such a write-down: (a) in the event of the liquidation of the bank, the claims of the holders of such debt must be reducible via write-down, (b) in the event of the exercise of the redemption option, the amount redeemed will be the then-outstanding principal amount (*i.e.*, after any write-downs and write-ups) as opposed to their original principal amount, and (c) dividend and interest payments on such debt must be partially or completely cancellable.

In addition, Article 7(2)(j) of the Equity Regulation provides that, in order for a debt to qualify as additional tier 1 capital, it must be possible, pursuant to the terms of that debt, for such debt to be written down or converted into equity (but not necessarily both) upon the decision of the BRSA if it is probable that: (a) the bank's operating licence might be revoked or (b) such bank may be transferred to the SDIF, in each case pursuant to Article 71 of the Banking Law.

Calculation of Additional Tier 1 Capital. According to the Equity Regulation, the amount of additional tier 1 capital shall be calculated by subtracting capital deductions from the sum of: (a) shares with preferential rights that are not included in CET1 capital (except for such shares that require the distribution of dividends in the future), (b) share premia resulting from the issuance of such shares with preferential rights and (c) debt that has been approved by the BRSA (and related issuance premia) as eligible for inclusion in the calculation of additional tier 1 capital. The Equity Regulation sets out that, in order for a debt instrument to be included in the calculation of additional tier 1 capital, the following conditions need to be met:

(a) such debt instrument shall have been issued by the bank and approved by the CMB and shall have been fully collected in cash,

(b) in the event of dissolution of such bank, such debt instrument shall be subordinated with respect to debt that is included in tier 2 capital and rights of deposit holders and all other creditors (other than other additional tier 1 capital),

(c) such debt instrument shall not be linked to any derivative operation or contract, nor shall it be linked to any guarantee or security (in Turkish: *teminat*), in one way or another, directly or indirectly, in a manner that violates the condition stated in clause (b),

(d) such debt instrument shall not have a maturity and shall not include any provision that may incentivise redemption, such as dividends and increase of interest rate,

(e) if such debt instrument includes a redemption option, then such option shall be exercisable no earlier than five years after issuance and only with the approval of the BRSA; approval of the BRSA is subject to the following conditions:

(i) such bank should not create any market expectation that the option will be exercised by the bank, and either

(ii) such debt instrument shall be replaced by another debt instrument either of the same quality or higher quality, and such replacement shall not have a restrictive effect on such bank's ability to sustain its operations, or

(iii) following the exercise of the option, the equity of such bank shall exceed the higher of: (A) the capital adequacy requirement that is to be calculated pursuant to the Capital Adequacy Regulation along with the BRSA's Regulation on Capital Conservation and Countercyclical Capital Buffers published on 5 November 2013, (B) the capital requirement derived as a result of an ICAAP of such bank and (C) the higher capital requirement set by the BRSA (if any);

however, if tax legislation or other regulations are materially amended, a redemption option may be exercised; *provided* that the above conditions in this clause (e) are met and the BRSA approves,

(f) the redemption of the principal of such debt instrument shall be subject to approval of the BRSA, in which case the BRSA would seek the conditions stated in clause (e) to be met,

(g) the bank shall be entitled to cancel the interest and dividend payments on such debt instrument and, if it exercises such right, then it shall not have an obligation to pay the difference between the amount set out in the terms of such debt instrument and the amount actually paid in subsequent periods (even in case of non-payment), cancellation of payments shall not be considered as default, such bank shall be entitled to use at its own discretion the amounts corresponding to the cancelled payments and the cancellation shall not have any restricting effect on such bank except with respect to payments to be made to its shareholders,

(h) dividend or interest payments on such debt instrument may be made only out of the items that may be used for dividend distribution,

(i) such debt instrument's dividend and interest payments shall not be linked to the creditworthiness of such bank,

(j) such debt instrument shall not be: (i) purchased by such bank or by corporations controlled by such bank or significantly under the influence of such bank or (ii) assigned to such entities, and its purchase shall not be directly or indirectly financed by such bank itself,

(k) such debt instrument shall not possess any features hindering any new equity issuance,

(l) such bank must be entitled, pursuant to the terms of the debt instrument, to write-down or convert into equity (but not necessarily both) such debt instrument if the CET1 capital adequacy ratio of the bank (on a consolidated or non-consolidated basis) falls below 5.125%, in each case to the extent necessary so as to restore the applicable such CET1 capital adequacy ratio(s) to at least 5.125%; as a result of such a write-down: (i) in the event of the liquidation of the bank, the claims of the holders of such debt instrument must be reducible via write-down, (ii) in the event of any redemption of such debt instrument, the amount redeemed will be the then-outstanding principal amount (*i.e.*, after any write-downs and write-ups) as opposed to their original principal amount, and (iii) dividend and interest payments on such debt instrument must be partially or completely cancellable,

(m) if there is a possibility that such bank's operating licence would be cancelled or the probability of the transfer of such bank to the SDIF arises pursuant to Article 71 of the Banking Law due to the losses incurred by the bank, then such debt instrument shall be subject to being written down or converted into equity (but not necessarily both) for the absorption of the loss if the BRSA so decides, and

(n) in the event that such debt instrument has not been issued by such bank itself or one of its consolidated entities, the amounts obtained from the issuance shall be immediately transferred without any restriction to such bank or the applicable consolidated entity (as the case may be) in accordance with the rules listed above.

In addition to debt instruments issued by the bank and approved by the CMB (as stated in clause (a)), loans that have been approved by the BRSA upon the application of the board of directors of the applicable bank accompanied by a written statement confirming that all of these conditions (except for the condition stated in clause (a) regarding debt instruments issued by the bank and approved by the CMB) are met also can be included in the calculation of the amount of additional tier 1 capital.

In addition to these conditions, the BRSA may also require other conditions to be met in respect of a debt, including in connection with the procedures relating to the write-down or conversion into equity of such debt.

Debt instruments and loans that are approved by the BRSA are included in the calculation of the amount of additional tier 1 capital as of the date of transfer of the proceeds thereof to the relevant accounts in the applicable bank's records. When applying with respect to a bank the measures set out under Article 71 of the Banking Law, the BRSA is not to take into account as liabilities of such bank the debt instruments and loans included in the calculation of additional tier 1 capital of such bank.

The Equity Regulation provides that the BRSA is to determine the rules and procedures with respect to the write-down or conversion into equity of debt included in additional tier 1 capital. Accordingly, on 7 June 2018, the BRSA published the Communiqué on Debt Instruments to be included in the Calculation of Banks' Equity (the "*Regulatory Capital Communiqué*"). The Regulatory Capital Communiqué is intended to align the Turkish additional tier 1 framework with European practices and imposed certain new requirements on banks.

Regulatory Capital Communiqué. The Regulatory Capital Communiqué stipulates that the debt included in additional tier 1 capital must be subject to write-off, write-down and conversion into equity before the debt included in tier 2 capital of the banks. Pursuant to the Regulatory Capital Communiqué, if there are multiple additional tier 1 instruments included in the additional tier 1 capital of a bank, then the write-off, write-down or conversion into equity of such additional tier 1 instruments is to be carried out on a *pro rata* basis based upon each such additional tier 1 instrument's portion in the total value of the additional tier 1 instruments of such bank that are included in the additional tier 1 capital of such bank. Interest and dividend distributions on, and redemptions of, additional tier 1 instruments that have been partially converted into equity or written-down are to take into account the outstanding amount after such conversion into equity or write-down.

The Regulatory Capital Communiqué also provides for a potentially non-permanent write-down of additional tier 1 instruments upon the CET1 capital adequacy ratio of a bank, on a consolidated or non-consolidated basis, falling below 5.125%. In terms of this write-down procedure, a bank is required to immediately notify the BRSA and the holders of such additional tier 1 instruments of the occurrence of such event. An issuer will determine the amount to be written down and/or converted into equity, without prejudice to any authority that the Banking Law grants to the BRSA.

In the case of additional tier 1 instruments that provide for such a write-down of debt on a non-permanent basis, the terms of such additional tier 1 instrument will include provisions for the potential write-up of such written-down amount; *however*, according to the Regulatory Capital Communiqué, a write-up is not possible for additional tier 1 instruments that have been written down for other reasons. In addition, the Regulatory Capital Communiqué requires that the following conditions (among others) be satisfied for any such write-up:

(a) a write-up can be effected only to the extent that a positive distributable net profit was calculated based upon the most recent fiscal year of the applicable bank,

(b) the sum of the write-up amount and the dividend or coupon payments made with respect to the written-down principal amount must not be more than the distributable net profit of the applicable bank *multiplied by* the result of: (i) the sum of the aggregate initial principal amount of the additional tier 1 instruments and the aggregate initial principal amount of all written-down additional tier 1 instruments of such bank *divided by* (ii) the total tier 1 capital of such bank, each as of the date of the relevant write-up,

(c) the write-up must be effected on a *pro rata* basis with the other written-down additional tier 1 instruments of such bank, and

(d) the sum of any write-up amount, coupon and dividend payments over the written-down debt will be treated as dividend payments, which will be subject to the restrictions relating to dividend distributions and the maximum distributable amount restrictions.

The Regulatory Capital Communiqué also introduced various requirements that must be satisfied in order for a bank to exercise any option to convert additional tier 1 instruments into equity. While the Bank does not have any existing additional tier 1 capital, any additional tier 1 capital that the Bank issues in the future might provide for such a conversion.

Basel Committee

Basel II. The most significant difference between the capital adequacy regulations in place before 1 July 2012 and the Basel II regulations is the calculation of risk-weighted assets related to credit risk. The current regulations seek to align more closely the minimum capital requirement of a bank with its borrowers' credit risk profile. The impact of the new regulations on capital adequacy levels of Turkish banks largely stems from exposures to the Turkish government, principally through the holding of Turkish government bonds. While the previous rules provided a 0% risk weight for exposures to the Turkish sovereign and the Central Bank, the rules of Basel II require that claims on sovereign entities and their central banks be risk-weighted according to their credit assessment, which (as of the date of this Prospectus) results in a 100% risk weighting for Türkiye; *however*, the Turkish rules implementing the Basel principles in Türkiye revised this general rule by providing that Turkish Lira-denominated claims on sovereign entities in Türkiye and the Central Bank shall have a 0% risk weight. See "Basel III" below for the risk weights of foreign currency-denominated claims on the Central Bank in the form of required reserves.

The BRSA published the Communiqué on the Calculation of Principal Subject to Credit Risk by Internal-Ratings Based Approaches and the Communiqué on the Calculation of Principal Subject to Operational Risk by Advanced Measurement Approaches for the banks to apply internal ratings for the calculation of principal subject to credit risk and advanced measurement approaches for the calculation of principal subject to operational risk, which entered into effect on 1 January 2015. The BRSA also issued various guidelines noting that the use of such internal rating and advanced measurement approaches in the calculation of capital adequacy is subject to the BRSA's permission.

Basel III. Turkish banks' capital adequacy requirements have been and will continue to be affected by Basel III, as implemented by the Equity Regulation, which includes requirements regarding regulatory capital, liquidity, leverage ratio and

counterparty credit risk measurements. In 2013, the BRSA announced its intention to adopt the Basel III requirements and published initially the Equity Regulation and a capital adequacy regulation, each entering into effect on 1 January 2014. The Equity Regulation introduced core tier 1 capital and additional tier 1 capital as components of tier 1 capital. Subsequently, the BRSA replaced this first capital adequacy regulation with the Capital Adequacy Regulation, which entered into force on 31 March 2016. These changes: (a) introduced a minimum core capital adequacy ratio (4.5%) and a minimum tier 1 capital adequacy ratio (6.0%) to be calculated on a consolidated and unconsolidated basis (which are in addition to the previously existing requirement for a minimum total capital adequacy ratio of 8.0%) and (b) changed the risk weights of certain items that are categorised under "other assets." The Equity Regulation also introduced new tier 2 rules and determined new criteria for debt instruments to be included in the tier 2 capital. According to the Capital Adequacy Regulation, which entered into force on 31 March 2016, the risk weights of foreign currency-denominated required reserves on the Central Bank in the form of required reserves were increased from 0% to 50%; *however*, on 24 February 2017, the BRSA amended its guidance to allow foreign exchange-required reserves held with the Central Bank to be subject to a 0% risk weight.

In order to further align Turkish banking legislation with Basel principles, the BRSA has published from time to time new regulations and communiqués amending or replacing the existing regulations and communiqués, some of which amendments entered into force on 31 March 2016. For information related to the leverage ratios, capital adequacy ratios and liquidity coverage ratios of banks, see "Capital Adequacy" above.

The BIS reviewed Türkiye's compliance with Basel regulations within the scope of the Basel Committee's RCAP and published its RCAP assessment report in March 2016, in which Türkiye was assessed as compliant with Basel standards.

If the Bank and/or the Group is unable to maintain its capital adequacy or leverage ratios above the minimum levels required by the BRSA or other regulators (whether due to the inability to obtain additional capital on acceptable economic terms, if at all, sell assets (including subsidiaries) at commercially reasonable prices, or at all, or for any other reason), then this might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Liquidity and Reserve Requirements

Article 46 of the Banking Law requires banks to calculate, attain, maintain and report the minimum liquidity level in accordance with principles and procedures set out by the BRSA. Within this framework, a comprehensive liquidity arrangement has been put into force by the BRSA, following the consent of the Central Bank.

Pursuant to the Communiqué Regarding Reserve Requirements (the "*Communiqué Regarding Reserve Requirements*"), the Central Bank imposes different reserve requirements for different currencies and different tenors and adjusts these rates from time to time in order to encourage or discourage certain types of lending and/or deposit-taking.

As of the date of this Prospectus, the Central Bank permits Turkish banks to maintain a portion or all of the reserve requirements applicable to precious metal deposit accounts in standard gold, which portions are revised from time to time by the Central Bank. See "Risk Factors – Risks Relating to the Group and its Business – Market Risks – Foreign Exchange and Currency Risk." In addition, banks are required to maintain their required reserves against their U.S. dollar-denominated liabilities in U.S. dollars only.

Furthermore, pursuant to the Communiqué Regarding Reserve Requirements, a bank must establish additional mandatory reserves if its financial leverage ratio falls within certain intervals. The financial leverage ratio is calculated according to the division of a bank's capital into the sum of the following items:

(a) its total liabilities,

(b) its total non-cash loans and obligations,

(c) its revocable commitments *multiplied by* 0.1,

(d) the total sum of each of its derivatives commitments multiplied by its respective loan conversion rate, and

(e) its irrevocable commitments.

This additional mandatory reserve amount is calculated quarterly according to the arithmetic mean of the monthly leverage ratio. In addition, a bank must maintain additional mandatory reserves for six mandatory reserve periods beginning with the fourth calendar month following an accounting period for liabilities in Turkish Lira and foreign currency, as set forth below:

Leverage Ratio	Additional Reserve Requirement
Below 3.0%	2.0%
From 3.0% (inclusive) to 4.0%	1.5%
From 4.0% (inclusive) to 5.0%	1.0%

In December 2018 and April 2019, the Central Bank amended the Communiqué Regarding Reserve Requirements to exclude in the calculation of reserve requirements the following liabilities on the balance sheet: (a) funds acquired on the Borsa İstanbul with repo transactions and (b) deposits and participation funds of certain official institutions. Separate amendments in January 2019 removed a temporary article that distinguished the reserve requirement regime applicable to foreign currency liabilities other than deposits and participation funds that existed up to and prior to 28 August 2015 from those created after such date. The Central Bank further amended the Communiqué Regarding Reserve Requirements on 16 February 2019 to decrease the Turkish Lira liabilities reserve ratios for: (i) demand deposits, time deposits and participation funds with maturities of up to one year and other liabilities with maturities of up to (and including) three years, by 100 basis points, and (ii) all other liabilities subject to reserve requirements, by 50 basis points. On 9 May 2019, the Central Bank increased reserve requirements for all foreign-exchange liabilities (including foreign-exchange deposits/participation funds) deposits by 100 basis points and, on 27 May 2019, increased all reserve requirements for foreign-exchange deposits/participation funds by another 200 basis points, through which approximately US$3.0 billion and US$4.2 billion of liquidity, respectively, was withdrawn from the market. On both 7 August and 20 September 2019, the Central Bank increased reserve requirements for foreign-exchange deposits/participation funds by 100 basis points for all maturity brackets. To support financial stability and the real loan growth-linked reserve requirement practice, the Central Bank decided on 28 December 2019 to increase (effective as of 10 January 2020 for the liability period starting on 27 December 2019) the reserve requirement ratios for foreign exchange deposits/participation funds by 200 basis points for all maturity brackets, but applying a 200 basis point reduction on the new ratios for banks that attain certain Turkish Lira real loan growth conditions (*i.e.*, effectively keeping the reserve requirement ratios for foreign exchange deposits/participation funds of such banks unchanged).

In March 2020, as part of the government's response to the COVID-19 pandemic, the Central Bank issued a press release announcing the implementation of the following temporary measures: (a) providing banks with flexibility in Turkish Lira and foreign currency liquidity management, (b) offering targeted additional liquidity facilities to banks to secure credit flow to the corporate sector and (c) aiming to boost the cash flow of exporters by facilitating the discounting of export receivables. On 18 July 2020, the Central Bank increased foreign currency reserve requirement ratios by 300 basis points in all liability types and maturity brackets for all banks.

On 27 November 2020, the Central Bank: (a) revised to 12% *per annum* the remuneration rate for Turkish Lira-denominated required reserves and (b) reduced the commission rate applied to the reserves maintained against U.S. dollar-denominated deposits and participation fund liabilities from 1.25% to 0%. As a result, from December 2020, the reserve requirement ratios for: (i) deposits and participation funds (excluding those obtained from banks abroad) on demand and with a maturity up to (and including) three months and Turkish Lira-denominated other liabilities (including deposits and participation funds received from banks abroad) with a maturity up to (and including) one year were reduced to 6% *per annum* from 7% *per annum*, (ii) foreign currency-denominated deposits and participation funds (excluding deposits and participation funds obtained from banks abroad and precious metal deposit accounts) on demand and with a maturity less than one year were reduced to 19% *per annum* from 22% *per annum*, (iii) foreign currency-denominated deposits and participation funds (excluding deposits and participation funds obtained from banks abroad and precious metal deposit accounts) with a maturity of one year or more were reduced to 13% *per annum* from 18% *per annum* and (iv) other foreign currency-denominated liabilities (regardless of maturity) were reduced by 3% *per annum* (to a range of 5% *per annum* to 21% *per annum*).

On 24 February 2021, the Central Bank: (a) increased Turkish Lira reserve requirement ratios by 2.00% for all liability types and maturity brackets, (b) revised portions of the Turkish Lira reserve requirements that Turkish banks are permitted to maintain in U.S. dollars and standard gold and (c) revised to 13.50% the remuneration rate for Turkish Lira-denominated required reserves. These changes became effective from the calculation date of 19 February 2021, with the maintenance period starting on 5 March 2021. On 1 July 2021, the Central Bank: (a) reduced the maximum percentage of Turkish Lira reserves it can allow to be held in U.S. dollars from 20% to 10% and terminated the option of Turkish banks to maintain a portion of the Turkish Lira reserve requirements in U.S. dollars as of 1 October 2021, (b) increased the reserve requirement ratios for foreign currency-denominated deposits and participation funds by 200 basis points for all maturity brackets and (c) started to apply remuneration rates from 13.5% to 19.0% *per annum* for Turkish Lira-denominated reserves of banks depending upon certain conditions, each of which changes became effective from the calculation date of 6 August 2021 (with the maintenance period starting on 19 July 2021). On 15 September 2021, the Central Bank increased reserve requirement ratios for foreign currency-denominated deposits and participation funds and precious metals deposit accounts by 200 basis points for all maturity brackets effective as of 17 September 2021. On 9 November 2021, the Central Bank: (i) further reduced the maximum percentage of Turkish Lira reserves it would allow to be held in standard gold from 15% to 10% and announced that the facility for holding standard gold for Turkish Lira reserve requirements will be gradually decreased and eventually terminated and (ii) increased the reserve requirement ratios for foreign currency deposits/participation funds by a further 200 basis points for all maturity brackets effective from the calculation date of 12 November 2021 (with the maintenance period starting on 28 October 2021). On 21 December 2021, the Central Bank amended the Communiqué Regarding Reserve Requirements to exclude in the calculation of reserve requirements the amounts converted from foreign exchange deposits/participation funds into Turkish Lira term deposits/participation funds.

On 15 January 2023, the Central Bank amended the Communiqué Regarding Reserve Requirements so that (starting with the maintenance period starting on 3 February 2023), the reserve requirement rate for Turkish Lira deposit accounts and participation accounts held by certain customers with maturities longer than three months is 0%. Additionally, should there be an increase (compared to 6 January 2023, based upon a calculation to be made on the last Friday of every two-week period) in a bank's foreign currency-denominated liabilities with maturities longer than six months provided directly from abroad, the reserve requirement rate for such increased amount is 0% until 20 December 2024. On 14 September 2023, the Central Bank amended the Communiqué Regarding Reserve Requirements (effective as of 1 September 2023) to oblige banks to hold mandatory reserves at the rate of 25% for the foreign exchange protected Turkish Lira-denominated deposit accounts with an original maturity up to six months and 5% for those with a longer maturity; *however*, on 2 November 2023, the Central Bank further amended the Communiqué Regarding Reserve Requirements (effective as of 27 October 2023) and increased such rates by 500 basis points. On 20 August 2023, the Central Bank again amended the Communiqué Regarding Reserve Requirements (effective as of 18 August 2023) to increase reserve requirement ratios for foreign currency-denominated deposits and participation funds (excluding those obtained from banks abroad) on demand or with a maturity up to (and including) one month from 25% to 29%, and on 2 November 2023 (effective as of 27 October 2023) increased again from 29% to 30%. In addition to such funds, on 2 November 2023, the Central Bank amended the Communiqué Regarding Reserve Requirements (effective as of 27 October 2023) to increase reserve requirement ratios also for foreign currency-denominated deposits and participation funds (excluding those obtained from banks abroad) with a maturity of: (a) more than one month up to (but excluding) one year from 25% to 26% and (b) one year or greater from 19% to 20% and also introduced an additional reserve requirement of 4% (to be deposited in Turkish Lira) for all foreign currency-denominated deposits and participation funds (excluding those obtained from banks abroad) regardless of their maturities.

Pursuant to the Regulation on the Maintenance of Securities, effective from 24 June 2022, each Turkish bank is required to hold with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government (including lease certificates issued by Undersecretariat of Treasury Asset Leasing Company) for the foreign currency deposits, participation funds and precious metals accounts held with such bank (excluding those of certain depositors, including the Central Bank itself, the Turkish Treasury, certain other governmental entities, other Turkish banks and non-citizens, and such deposits/funds/accounts funded by foreign direct investments as determined by the Central Bank) as well as the funds from foreign exchange-denominated repo transactions. Pursuant to the Regulation on the Maintenance of Securities, each Turkish bank is required to hold an amount of such securities equal to 4% of the amount of the foreign currency deposits, participation funds and precious metals accounts held by the relevant customers with such bank as well as the funds from foreign exchange-denominated repo transactions.

On 20 August 2022, 31 December 2022 and 25 July 2023, the Central Bank amended the Regulation on the Maintenance of Securities to require Turkish banks to hold with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to 30% of the amount of: (a) the securities issued by entities

(other than financial institutions) held by such banks and (b) Turkish Lira-denominated commercial cash loans (*provided* that the following are excluded: (i) loans provided to SMEs, tradesmen, financial institutions and/or certain governmental authorities and their subsidiaries and (ii) export and investment loans, agricultural loans, consumer loans and corporate credit cards); *however*, all of such requirements were terminated by an amendment to the Regulation on the Maintenance of Securities on 27 October 2023 (except that, with respect to the calculation period on 29 September 2023, banks are required to hold Turkish Lira-denominated securities for such loans and securities until 23 November 2023).

In various actions through 22 December 2023, the Central Bank amended the Regulation on the Maintenance of Securities to require Turkish banks to hold with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government as follows:

(a) if a bank's Turkish Lira-denominated commercial cash loan growth (excluding such excluded loans) during each calculation period from 26 August 2022 to 25 November 2022 compared to the previous calculation period was higher than 3%, then such bank is required to hold (for a 12-month period) with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to the amount over such 3%; *however*, the application of this obligation was terminated as of 28 September 2023,

(b) if a bank's Turkish Lira-denominated commercial cash loan (excluding such excluded loans) growth as of 30 December 2022 compared to 29 July 2022 is higher than 10%, then such bank is required to hold (for a 12-month period) with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to the amount over such 10% *minus* the amount already held as of 30 December 2022 as required by clause (a), and

(c) if a bank's Turkish Lira-denominated commercial cash loan growth (excluding such excluded loans) during each calculation period from 27 January 2023 to 28 June 2024 compared to the previous calculation period was higher than 2.5% for commercial loans, then such bank is required to hold (for a 12-month period) with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to the amount over such rate.

Additionally, the 20 August 2022 amendment provides that, for Turkish Lira-denominated commercial loans extended from 20 August 2022 until 31 December 2022, a Turkish bank is required to hold with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to:

(i) 20% of the amount of Turkish Lira-denominated commercial cash loans (excluding the above-noted excluded loans) extended during such period at an annual compound interest rate from and including 1.4 times to (but excluding) 1.8 times higher than the Central Bank-released annual compound reference rate (which reference rate is 10.31% for the period between 1 December 2022 and 31 December 2022), and

(ii) 90% of the amount of Turkish Lira-denominated commercial cash loans (excluding such excluded loans) extended during such period at an annual compound interest rate of 1.8 times or more higher than such Central Bank-released annual compound reference rate; *however*, on 27 October 2023, the Central Bank announced that the implementation of this rule will be terminated.

With respect to commercial loans extended from 31 December 2022, banks are required (based upon a calculation to be made on the last Friday of every month) until 29 December 2023 to hold with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to 20% or 150% of the amount of Turkish Lira-denominated commercial cash loans (excluding such excluded loans) extended during such month depending upon their annual compound interest rate. On 20 August 2023, to be effective as of 26 August 2023, the Central Bank amended this rule to require banks to hold with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to 150% of the amount of Turkish Lira-denominated commercial cash loans (excluding such excluded loans) extended from 20 August 2023 to 29 December 2023 depending upon their annual compound interest rate.

Also in August 2022, the Central Bank introduced new regulations to increase the share of Turkish Lira-denominated assets in the collateral system and to ensure the maintenance of additional required reserves for foreign currency deposits. Effective as of 2 September 2022, the collateral discount rate for CPI-indexed securities and assets subject to collateral in

foreign currency and gold was gradually increased from 50% to 80% and the remuneration rate for Turkish Lira-denominated required reserves was reduced to 0% from 8.5%.

In May 2023, the Central Bank introduced new rules for credit growth for consumer loans, vehicle loans, SME loans and certain commercial cash loans, which rules provide that, if any of such loan types grows more than 3% per month, the applicable bank will be required to hold with the Central Bank long-term Turkish lira-denominated securities issued by the Turkish Treasury in an amount equal to the excess of loans over the 3% growth rate (reduced in August 2023 to 2.5% for Turkish Lira-denominated commercial cash loans (excluding export, investment, agricultural, consumer and tradesmen loans), 2.0% for vehicle loans and 2.5% for other Turkish Lira-denominated cash loans excluding consumer loans).

On 26 May 2023, the BRSA published the Regulation on the Net Stable Funding Ratio Calculations of Banks to align the Turkish regulatory capital regime with Basel III requirements that seeks to strengthen the liquidity of banks. Pursuant to this new regulation, starting from 1 January 2024, the three-month arithmetic mean of a bank's consolidated and non-consolidated net stable funding ratios (calculated on a monthly basis) shall not be less than 100%. The BRSA will also announce a minimum rate for the banks' consolidated and non-consolidated net stable funding ratios (as calculated monthly) and if either the consolidated or non-consolidated net stable funding ratio of a bank falls below such minimum requirement, then such bank must resolve this discrepancy by the next calculation period.

On 20 August 2023 and 27 October 2023, as a provisional measure effective from 26 August 2023, the Central Bank required each Turkish bank (except banks whose deposit/participation fund size is below an amount determined by the Central Bank from time to time) to hold (for a six-month period) additional Turkish Lira-denominated securities issued by the Turkish government equal to the amount of the deficient portion (based upon a calculation to be made as of the last Friday of every month through 29 September 2023 or 29 December 2023 depending upon the maturity deadline) if: (a) the conversion rate of foreign exchange-protected accounts that mature through 29 December 2023 to Turkish Lira term deposit/participation accounts is less than 50% and/or (as calculated for real persons only) the conversion rate of foreign exchange protected accounts that mature through 29 September 2023 to Turkish Lira term deposit/participation accounts is less than 10% per monthly calculation period, (b) the renewal rate of foreign exchange protected accounts is less than 95% and/or (c) the share of Turkish Lira deposits/participation accounts (as calculated only for real persons) is less than 2% below the share of to the previous calculation period and the share of Turkish Lira deposits/participation accounts (as calculated only for legal entities) is less than the share calculated on 18 August 2023. In addition, the Central Bank announced that, from 27 October 2023, each Turkish bank is required to pay an annual fee to the Central Bank in an amount up to 11% of the reserves required to be held by such bank with respect to its foreign exchange deposits.

Foreign Exchange Requirements

According to the Regulation on Foreign Exchange Net Position/Capital Base issued by the BRSA and published in the Official Gazette No. 26333 dated 1 November 2006 (and amendments thereto effective as of 9 March 2023), for both the bank-only and consolidated financial statements, the weekly arithmetic mean of the ratio of a bank's foreign exchange net position to its capital base should not exceed (+/-) 10%, which calculation is required to be made on a weekly basis for unconsolidated and monthly basis for consolidated financial statements. The net foreign exchange position is the difference between the Turkish Lira equivalent of a bank's foreign exchange assets and its foreign exchange liabilities. For the purpose of computing the net foreign exchange position, foreign exchange assets include all active foreign exchange accounts held by a bank (including its foreign branches), its foreign exchange-indexed assets and its subscribed forward foreign exchange purchases; and for purposes of computing the net foreign exchange position, foreign exchange liabilities include all passive foreign exchange accounts held by a bank (including its foreign branches), its subscribed foreign exchange-indexed liabilities and its subscribed forward foreign exchange sales. In addition, a bank must include any general and special provisions it has set aside pursuant to the Classification of Loans and Provisions Regulation for the calculation of the standard ratio of its foreign exchange net position to its capital base. If such ratio exceeds (+/-) 10%, then the bank is required to take steps to move back into compliance within two weeks following the bank's calculation period. Banks are permitted to exceed this ratio up to six times per calendar year.

Audit of Banks

According to Article 24 of the Banking Law, a bank's board of directors is required to establish audit committees for the execution of the audit and monitoring functions of the board of directors. The duties and responsibilities of the audit committee include: (a) the supervision of the efficiency and adequacy of the bank's internal control, risk management and

internal audit systems, (b) the functioning of these systems and accounting and reporting systems within the framework of the Banking Law and other relevant legislation, (c) the integrity of the information produced by such systems, (d) conducting the necessary preliminary evaluations for the selection of independent audit firms by the board of directors, (e) regularly monitoring the activities of independent audit firms selected by the board of directors and (f) in the case of holding companies covered by the Banking Law, ensuring that the internal audit functions of the institutions that are subject to consolidation operate in a coordinated manner.

Banks are required to select an independent audit firm in accordance with the Turkish Auditor Regulation. Independent auditors are held liable for damages and losses to third parties and are subject to stricter reporting obligations. Professional liability insurance is required for: (a) independent auditors and (b) evaluators, rating agencies and certain other support services (if requested by the service-acquiring bank or required by the BRSA). Furthermore, banks are required to consolidate their financial statements on a quarterly basis in accordance with certain consolidation principles established by the BRSA. The year-end consolidated financial statements are required to be audited whereas interim consolidated financial statements are subject to only a limited review by independent audit firms.

Pursuant to the Regulation regarding the ICAAP Regulation, banks are obligated to establish, manage and develop (for themselves and all of their consolidated financial subsidiaries) internal audit, internal control and risk management systems commensurate with the scope and structure of their activities, in compliance with the provisions of such regulation. The ICAAP Regulation also requires banks to conduct an "internal capital adequacy assessment process" ("*ICAAP*"), which is an internal process whereby banks calculate the amount of capital required to cover the risks to which they are or may be exposed on an unconsolidated and consolidated basis and with a forward-looking perspective, taking into account their near- and medium-term business and strategic plans. In this context, each bank is required to prepare an internal capital adequacy assessment process report (the "*ICAAP Report*") representing the bank's own assessment of its capital and liquidity requirements. The ICAAP Regulation established standards as to principles of internal control, internal audit and risk management systems and an ICAAP in order to bring such regulations into compliance with Basel II requirements.

In 2015 and 2016, the BRSA issued certain amendments to the ICAAP Regulation to align the Turkish regulatory capital regime with Basel III requirements. These amendments relating to internal systems and internal capital adequacy ratios entered into force on 20 January 2016 and the other amendments entered into force on 31 March 2016. These amendments impose new regulatory requirements to enhance the effectiveness of internal risk management and internal capital adequacy assessments by introducing, among other things, new stress test requirements. Accordingly, the board of directors and senior management of a bank are required to ensure that a bank has established appropriate risk management systems and that it applies an ICAAP such that the bank has adequate capital to meet the risks incurred by it. The ICAAP Report is required to be audited by either the internal audit department or an independent audit firm in accordance with the internal audit procedures of a bank.

All banks (public and private) also undergo annual audits and interim reviews by certified bank auditors who have the authority to audit banks on behalf of the BRSA, which audits encompass all aspects of a bank's operations, its financial statements, other matters affecting the bank's financial position and the bank's compliance with law. The Central Bank has the right to monitor compliance by banks with the Central Bank's regulations through on-site and off-site examinations.

In 2015, the BRSA amended the Regulation on Principles and Procedures of Audits to expand the scope of the audit of banks in compliance with the ICAAP Regulation. According to this regulation, the BRSA monitors banks' compliance with the regulations relating to the maintenance of capital and liquidity adequacy for risks incurred or to be incurred by banks and the adequacy and efficiency of banks' internal audit systems.

The Savings Deposit Insurance Fund (SDIF)

The SDIF is a public legal entity set up to insure savings deposits held with banks and (along with all other Turkish banks) the Bank is subject to its regulations. The SDIF is responsible for and authorised to take measures for restructuring, transfers to third parties and strengthening the financial structures of banks, the shares of which and/or the management and control of which have been transferred to the SDIF in accordance with Article 71 of the Banking Law, as well as other duties imposed on it.

(a) *Insurance of Deposits*. Pursuant to Article 63 of the Banking Law: (a) funds in checking accounts that are owned by commercial entities (which accounts are used solely for the payment of checks) and (b) funds in savings

deposit accounts owned by natural persons are insured by the SDIF. Effective as of 28 August 2022, all deposit and participation funds except those owned by official institutions, credit institutions and financial institutions are insured by the SDIF. The scope and amount of deposit and participation funds subject to the insurance are determined by the SDIF upon the approval of the Central Bank, the BRSA and the Turkish Treasury. The tariff of the insurance premium, the time and method of collection of this premium, minimum target level of deposit insurance reserve (effective as of 28 August 2022) and other relevant matters are determined by the SDIF upon the approval of the BRSA. As of 1 January 2024, an amount of up to TL 650,000 of a depositor's deposit account benefits from the SDIF insurance guarantee.

(b) *Power to require Advances from Banks*. Provided that BRSA consent is received, the banks may be required by the SDIF to make advances of up to the total insurance premiums paid by them in the previous year to be set-off against their future premium obligations. The decision regarding such advances shall also indicate the interest rate applicable thereto.

(c) *Contribution of the Central Bank*. If the SDIF's resources prove insufficient due to extraordinary circumstances, then the Central Bank will, on request, provide the SDIF with an advance. The terms, amounts, repayment conditions, interest rates and other conditions of the advance will be determined by the Central Bank upon consultation with the SDIF.

(d) *Premiums as an Expense Item*. Premiums paid by a bank into the SDIF are to be treated as an expense in the calculation of that bank's corporate tax.

(e) *Liquidation*. In the event of the bankruptcy or (effective as of 28 August 2022) liquidity of a bank, the SDIF is a privileged creditor and may liquidate the bank under the provisions of the Execution and Bankruptcy Law No. 2004, exercising the duties and powers of the bankruptcy office and creditors' meeting and the bankruptcy administration.

(f) *Claims*. In the event of the bankruptcy of a bank, holders of savings deposits will have a privileged claim in respect of the part of their deposit that is not covered by the SDIF's insurance.

The main powers and duties of the SDIF pursuant to the SDIF regulation published in the Official Gazette No. 31901 dated 23 July 2022, are as follows:

(a) becoming members of international financial, economic and professional organisations in which domestic and foreign equivalent agencies participate, and signing memoranda of understanding with the authorised bodies of foreign countries regarding the matters that fall within the SDIF's span of duty,

(b) insuring all deposits and participation accounts in the credit institutions except the accounts of official institutions, credit institutions and financial institutions,

(c) determining the scope and amount of the deposit and participation accounts that are subject to insurance with the opinion of the Central Bank, the BRSA and the Turkish Treasury, and the risk-based insurance premia timetable, collection time and form, minimum target level of deposit insurance reserve and other related issues in cooperation with the BRSA,

(d) determining the procedures and principles regarding the establishment, operation and supervision of the system to be established by the credit institutions as a basis for the calculation, follow-up, verification and payment of the insured deposit and participation funds, in cooperation with the BRSA,

(e) paying (directly or through another bank) the insured deposits and participation accounts in the credit institutions whose banking licence has been revoked by the BRSA from deposit insurance reserves,

(f) fulfilling the necessary operations regarding the transfer, sale and merger of the banks whose shareholder rights (except to dividends) and management and supervision have been transferred to the SDIF by the BRSA, with the condition that the losses of the shareholders are reduced from the capital,

(g) taking management and control of the banks whose banking licence has been revoked by the BRSA and fulfilling the necessary operations regarding the bankruptcy and liquidation of such banks,

(h) fulfilling the necessary operations regarding liquidation of the savings finance institutions whose operation licence has been revoked by the BRSA, and

(i) carrying out activities required for the management, sale and liquidation of partnership shares and assets of the companies whose powers have been transferred to the SDIF or to which the SDIF has been appointed as a trustee.

Cancellation of Banking Licence

If the results of an audit show that a bank's financial structure has seriously weakened, then the BRSA may require the bank's board of directors to take measures to strengthen its financial position. Pursuant to the Banking Law, in the event that the BRSA in its sole discretion determines that:

(a) the assets of a bank are insufficient or are likely to become insufficient to cover its obligations as they become due or the bank is not complying with liquidity requirements,

(b) the bank's profitability is not sufficient to conduct its business in a secure manner due to disturbances in the relation and balance between expenses and profit,

(c) the regulatory equity capital of such bank is not sufficient or is likely to become insufficient,

(d) the quality of the assets of such bank have been impaired in a manner potentially weakening its financial structure,

(e) the decisions, transactions or applications of such bank are in breach of the Banking Law, relevant regulations or the decisions of the BRSA,

(f) such bank does not establish internal audit, supervision and risk management systems or to effectively and sufficiently conduct such systems or any factor impedes the audit of such systems,

(g) imprudent acts of such bank's management materially increase the risks stipulated under the Banking Law and relevant legislation or potentially weaken the bank's financial structure, or

(h) for D-SIBs, the precautions under the precaution plan described below are not implemented promptly, such precautions are unable to cure the applicable weakness or it is determined that such weakness cannot be cured even if such precautions were implemented,

then the BRSA may require the board of directors of such bank: (i) in the event of the occurrence of an event described in clause (a), (b), (c), (d) or (h), to:

(A) increase such bank's equity capital,

(B) not permit such bank to distribute dividends for a temporary period to be determined by the BRSA and to transfer its distributable dividend to the reserve fund,

(C) increase such bank's loan provisions,

(D) stop such bank's extension of loans to its shareholders,

(E) dispose of such bank's assets in order to strengthen its liquidity,

(F) limit or stop such bank's new investments,

(G) limit such bank's salary and other payments, and/or

(H) cease such bank's long-term investments, and

(ii) in the event of the occurrence of an event described in clause (e), (f) or (g), to:

(A) cause such bank to comply with the relevant banking legislation,

(B) cease such bank's risky transactions by re-evaluating such bank's credit policy, and/or

(C) causing such bank to take all actions to decrease any maturity, foreign exchange and interest rate risks for a period determined by the BRSA and in accordance with a plan approved by the BRSA.

The BRSA may also take any other action in relation to the occurrence of an event described in clauses (a) through (h) that it may deem necessary.

In the event that the aforementioned actions are not taken (in whole or in part) by the applicable bank, its financial structure cannot be strengthened despite the fact that such actions have been taken or the BRSA determines that taking such actions will not lead to a favourable result, then the BRSA may require such bank: (i) in the event of the occurrence of an event described in clause (a), (b), (c), (d) or (h) of the preceding paragraph, to:

(A) strengthen its financial structure, increase its liquidity and/or increase its capital adequacy,

(B) dispose of its fixed assets and long-term assets within a reasonable time determined by the BRSA,

(C) decrease its operational and management costs,

(D) postpone its payments under any name whatsoever, excluding the regular payments to be made to its employees, and/or

(E) limit or prohibit extension of any cash or non-cash loans to certain third persons, legal entities, risk groups or sectors, and

(ii) in the event of the occurrence of an event described in clause (e), (f) or (g) of the preceding paragraph, to:

(A) convene an extraordinary general assembly in order to change some or all of the members of the board of directors or assign new member(s) to the board of directors, in the event any board member is responsible for a failure to comply with relevant legislation, a failure to establish efficient and sufficient operation of internal audit, internal control and risk management systems or non-operation of these systems efficiently or there is a factor that impedes supervision or such member(s) of the board of directors cause(s) to increase risks significantly as stipulated above, and/or

(B) implement short-, medium- or long-term plans and projections that are approved by the BRSA to decrease the risks incurred by the bank and the members of the board of directors and the shareholders with qualified shares must undertake the implementation of such plan in writing.

The BRSA may also take any other action in relation to the occurrence of an event described in clauses (a) through (h) of the preceding paragraph that it may deem necessary.

In the event that the aforementioned actions are not taken (in whole or in part) by the applicable bank, the problem cannot be solved despite the fact that the actions have been taken or the BRSA determines that taking such actions will not lead to a favourable result, then the BRSA may require such bank to:

(a) limit or cease its business or the business of the whole organisation, including its relations with its local or foreign branches and correspondents, for a temporary period,

(b) apply various restrictions, including restrictions on the interest rate and maturity with respect to resource collection and utilisation,

(c) remove from office (in whole or in part) some or all of its members of the board of directors, general manager and deputy general managers and the relevant department and branch managers and obtain approval from the BRSA as to the persons to be appointed to replace them,

(d) make available long-term loans; *provided* that these will not exceed the amount of deposit or participation accounts subject to insurance, and be secured by the shares or other assets of the controlling shareholders,

(e) limit or cease its non-performing operations and to dispose of its non-performing assets,

(f) merge with one or more other interested bank(s),

(g) provide new shareholders in order to increase its equity capital,

(h) deduct any resulting losses from its own funds, and/or

(i) take any other action that the BRSA may deem necessary.

In the event that: (a) the aforementioned actions are not (in whole or in part) taken by the applicable bank within a period of time set forth by the BRSA or in any case within 12 months, (b) the financial structure of such bank cannot be strengthened despite its having taken such actions, (c) it is determined that taking these actions will not lead to the strengthening of the bank's financial structure, (d) the continuation of the activities of such bank would jeopardise the rights of the depositors and the participation account owners and the security and stability of the financial system, (e) such bank cannot cover its liabilities as they become due, (f) the total amount of the liabilities of such bank exceeds the total amount of its assets or (g) the controlling shareholders or directors of such bank are found to have utilised such bank's resources for their own interests, directly or indirectly or fraudulently, in a manner that jeopardised the secure functioning of the bank or caused such bank to sustain a loss as a result of such misuse, then the BRSA, with the affirmative vote of at least five of its board members, may revoke the licence of such bank to engage in banking operations and/or to accept deposits and transfer the management, supervision and control of the shareholding rights (excluding dividends) of such bank to the SDIF for the purpose of whole or partial transfer or sale of such bank to third persons or the merger thereof; *provided* that any loss is deducted from the share capital of current shareholders.

In order for the advance identification of the appropriate response measures to be taken in case of the occurrence of any events (or probability of the occurrence of any events) that might weaken their financial structures, banks that are classified by the BRSA as systemically important banks (*i.e.*, as D-SIBs) must create prevention plans and submit those to the BRSA. In the case of any determination of the occurrence of any such events (or probability of the occurrence of any such events) with respect to such a bank (on a consolidated or non-consolidated basis), such bank must implement the precautions indicated in their prevention plan and notify the BRSA of such circumstances and the BRSA may impose the implementation of such precautions.

Any and all execution and bankruptcy proceedings (including preliminary injunction) against a bank whose license is revoked would be discontinued as from the date on which the BRSA's decision to revoke such bank's licence is published in the Official Gazette. From the date of revocation of such bank's licence, the creditors of such bank may not assign their rights or take any action that could lead to assignment of their rights. The SDIF must take measures for the protection of the rights of depositors and other creditors of such bank. The SDIF is required to pay the insured deposits of such bank either by itself or through another bank it may designate. The SDIF is required to institute bankruptcy proceedings in the name of depositors against a bank whose banking licence is revoked.

Annual Reporting

Pursuant to the Banking Law, Turkish banks are required to follow the BRSA's principles and procedures (which are established in consultation with the Turkish Accounting Standards Board and international standards) when preparing their annual reports.

Furthermore, Turkish companies (including banks) are required to comply with the Regulation regarding Determination of the Minimum Content of the Companies' Annual Reports published by the Ministry of Customs and Trade when preparing their annual reports. These reports are required to include the following information: management and organisation structures, human resources, activities, financial situation, assessment of management and expectations and a summary of the directors' report and independent auditor's report.

A bank cannot settle its balance sheets without ensuring reconciliation with the legal and auxiliary books and records of its branches and domestic and foreign correspondents.

The BRSA is authorised to take necessary measures where it is determined that a bank's financial statements have been misrepresented.

Pursuant to the Regulation on the Principles and Procedures Concerning the Preparation of Annual Reports by Banks published in the Official Gazette No. 26333 dated 1 November 2006, the chairman of the board, audit committee, general manager, deputy general manager responsible for financial reporting and the relevant unit manager (or equivalent authorities) must sign the reports indicating their full names and titles and declare that the financial statements comply with relevant legislation and accounting records.

Independent auditors must perform an audit of, and provide an opinion on, the annual financial statements prepared by the banks.

Banks are required to submit their financial statements to related authorities and publish them in accordance with the BRSA's principles and procedures.

According to BRSA regulations, the annual report is subject to the approval of the board of directors and must be submitted to shareholders at least 15 days before the annual general assembly of the bank. Banks also must submit an electronic copy of their annual reports to the BRSA within seven days following the publication of the reports. Banks must publish a copy of such reports on their websites by the end of May following the end of the relevant fiscal year.

Amendments to the Regulation on the Principles and Procedures Regarding the Preparation of Annual Reports by Banks, which entered into force on 31 March 2016, require annual and interim financial statements of banks to include explanations regarding their risk management in line with the Regulation on Risk Management to be Disclosed to the Public.

Disclosure of Financial Statements

The BRSA published amendments (which entered into force on 31 March 2016) to the Communiqué on Financial Statements to be Disclosed to the Public setting forth principles of disclosure of annotated financial statements of banks in accordance with the Communiqué on Public Disclosure regarding Risk Management of Banks and the Equity Regulation. The amendments reflect the updated requirements relating to information to be disclosed to the public in line with the amendments to the calculation of risk-weighted assets and their implications for capital adequacy ratios, liquidity coverage ratios and leverage ratios. Rules relating to equity items presented in the financial statements were also amended in line with the amendments to the Equity Regulation. Additionally, banks are required to make necessary disclosures on their websites immediately upon repayment of a debt instrument, depreciation or conversion of a share certificate or occurrence of any other material change.

In addition, the BRSA published the Communiqué on Public Disclosure regarding Risk Management of Banks, which expands the scope of public disclosure to be made in relation to risk management (which entered into force on 31 March 2016) in line with the disclosure requirements of the Basel Committee. According to this regulation, each bank is required to announce information regarding their consolidated and/or unconsolidated risk management related to risks arising from or in connection with securitisation, counterparty, credit, market and its operations in line with the standards and procedures specified in this regulation. Each bank is also required to form policies approved by its board of directors regarding internal audit and control processes relating to risk management.

On 15 September 2018, the Ministry of Commerce issued a communiqué that sets forth the procedures and principles relating to the application of Article 376 of the Turkish Commercial Code, which article regulates the measures that Turkish

companies (*i.e.*, joint stock companies, limited liability companies and limited partnerships, in which the capital is divided into shares, including financial institutions) are required to adopt in case of loss of capital or insolvency. This new communiqué aims to clarify and complement the remedial actions that can be taken in relation to the treatment of foreign exchange losses in the calculation of the loss of capital or insolvency. As companies in Türkiye prepare their financial statements in Turkish Lira, the value of any foreign currency-denominated asset and liability is converted into Turkish Lira based upon the currency rate applicable as of the date of such financial statements; *however*, until 1 January 2025, the communiqué allows companies to disregard any losses arising from the exchange rate volatility of any outstanding foreign currency-denominated liability while making any capital loss or insolvency calculations. As such, companies will not be required to apply any measures set forth in Article 376 of the Turkish Commercial Code to maintain their capital if the relevant loss of capital or insolvency arises from currency fluctuations.

Financial Services Fee

Pursuant to Heading XI of Tariff No. 8 attached to the Law on Fees (Law No. 492) amended by the Law No. 5951, banks are required to pay to the relevant tax office to which their head office reports an annual financial services fee for each of their branches. The amount of the fee is determined in accordance with the population of the district in which the relevant branch is located.

Anti-Money Laundering, Combatting the Financing of Terrorism and Anti-Bribery Policies

Please see "The Group and its Business – Anti-Money Laundering, Combatting the Financing of Terrorism and Anti-Bribery Policies."

Consumer Loan, Provisioning and Credit Card Regulations

On 8 October 2013, the BRSA published regulations that aim to limit the expansion of individual loans and payments (especially credit card instalments). The rules: (a) include overdrafts on deposit accounts and loans on credit cards in the category of consumer loans for purposes of provisioning requirements, (b) set a limit for credit cards issued to consumers who apply for a credit card for the first time if their income cannot be determined by the bank, (c) require credit card issuers to monitor cardholders' income levels before each limit increase of the credit card and (d) increase the minimum monthly payment required to be made by cardholders. The Central Bank also adjusts from time to time the monthly cap on individual and commercial credit card interest rates and the commission rates that can be applied by banks for their "acquisition" of vouchers from merchants, any of which changes might make the related business less profitable (or even unprofitable). In addition, pursuant to the Banking Law, the Central Bank is empowered to determine the maximum interest rates for lending and deposit-taking activities of banks, as well as any fees, expenses and commissions charged by them.

Loan Transactions

On 31 December 2013, the BRSA adopted rules on loan-to-value and instalments of certain types of loans and, on 27 September 2016, the BRSA made certain amendments to such rules. Pursuant to these rules, the minimum loan-to-value requirement for housing loans extended to consumers, financial lease transactions for housing and loans (except auto loans) secured by houses is 80% (which was 75% before such amendments), with exceptions for houses that have an energy identification document within the scope of the Energy Efficiency Law No. 5627, for which a higher loan-to-value percentage is applicable. On 19 March 2020, the BRSA (as part of the measures taken against the impacts of the COVID-19 pandemic) published a resolution that increased such loan-to-value requirement to 90% for houses worth TL 500,000 or less; *provided* that such loans are made to consumers and are not used for the purchase of autos. On 23 June 2022 and 24 February 2023, the BRSA imposed different loan-to-value requirements for housing loans utilised for new and existing homes, again with respect to a house's sales value and energy efficiencies. In addition, the Regulation on Loan Transactions of Banks provides that the maximum loan collateral ratios for housing loans and other loans secured by a mortgage extended to consumers will be determined by the BRSA from time to time with the opinion of the Turkish Presidency (*Strateji ve Bütçe Başkanlığı*) and the Turkish Treasury, as is also the case for auto loans extended to consumers, loans secured by autos and autos leased under financial lease transactions. On 24 August 2023, the BRSA increased the risk weightings to 150% for residential mortgage loans extended to individuals who already had at least one residential property, either personally or through their spouses or children under 18 years of age.

On 16 September 2021, the BRSA reduced the overall maturity limit for general purpose loans from 36 months to 24 months for loans over TL 50,000. The BRSA also provided that general purpose loans granted before such date can be restructured, for a maximum of 36 months, if requested by the borrower even if their debt balances are over TL 50,000. According to the regulations announced by the BRSA, the total amount of general purpose loans that have more than 24 months maturity and that have been granted after such date must be limited to TL 50,000 per customer and each bank is required to monitor this limit for its own customers. On 9 June 2022, the BRSA further reduced the maturity limit for general purpose loans from 24 months to 12 months for loans over TL 100,000; *however*, the BRSA also provided that general purpose loans granted before 16 September 2021 can be restructured, for a maximum of 36 months, and general purpose loans granted between 16 September 2021 and 9 June 2022 can be restructured, for a maximum of 24 months, if requested by the borrower even if their debt balances are over TL 50,000.

Due to two large earthquakes in Kahramanmaraş on 6 February 2023 that affected 10 different cities, on 7 and 10 February 2023, the BRSA announced (*inter alia*) the following provisional measures to be applied until 1 January 2024 regarding loan transactions of natural and legal persons located in the affected cities (and on 23 February 2023, the BRSA extended such provisional measures to other regions that satisfy certain criteria to be considered disaster areas):

- banks may determine grace periods and/or maturities of retail loans that are newly provided or restructured,
- the maturity thresholds determined under the Regulation on Loan Transactions shall not be applied,
- subject to the request of a borrower, such borrower's principal and interest payments shall be delayed for at least six months; *however*, whether or not requested by a borrower, so long as no interest/profit share is to be paid by such borrower as a result of such postponement, then such payments shall be delayed for at least six months, and
- in the case of the delay of principal and interest payments for vehicle and retail loans upon the request of the borrower, the maturity thresholds determined under the Regulation on Loan Transactions shall not be applied.

Caps on Fees, Commissions and POS Commission Rates

The BRSA and Central Bank have issued various laws in late 2019 and early 2020 that impose limitations on certain fees and commissions that Turkish banks may charge to customers. On 16 October 2019, the Central Bank introduced an amendment to cap the commission rates applied by banks in their "point of sale" (POS) business. The Central Bank then issued the Communiqué on Deposit and Loan Interest Rates and Participation Accounts Profit and Loss Participation Rates (the "*Communiqué on Deposit and Loan Interest Rates*") and the Communiqué on Procedures and Principles of Fees to be Collected by Banks from Commercial Customers (the "*Communiqué on Commercial Customer Fees*"), both of which became effective as of 1 March 2020 (for the Communiqué on Commercial Customer Fees, most of the provisions relating to fees became effective as of 1 April 2020) and impose certain such limitations. Pursuant to these communiqués, the caps on POS commission rates for purchases of goods and service were subjected to revision by reference to a monthly reference rate determined by the Central Bank *plus* a fixed rate set out under the Communiqué on Commercial Customer Fees, which rates are adjusted by taking into account the number of days between the day of a purchase transaction and the day on which the amount from such purchase is transferred by the applicable bank to the applicable merchant. Pursuant to an amendment to the Communiqué on Commercial Customer Fees on 22 December 2023, the monthly reference rate determined by the Central Bank cannot exceed 3.11%. In August 2021, the Central Bank (though increasing the fees that can be charged for ATM usage and commissions that can be collected from the use of POS systems) introduced further limits.

The Communiqué on Commercial Customer Fees further sets out standardised fees and caps that are to be charged to commercial customers depending upon the category of the applicable product and service. Turkish banks are required to apply to the Central Bank to charge any fees or commissions to commercial customers other than those listed under the Communiqué on Commercial Customer Fees. These limits include (*inter alia*) limits on fees for electronic funds transfers, credit allocation fees, credit underwriting fees and prepayment fees. Banks also are required to accept a commercial customer's request for prepayment of all of such customer's credit debt (for which prepayment the bank may charge a prepayment fee subject to certain limitations under the Communiqué on Commercial Customer Fees).

Foreign Currency Restrictions

F/X Loan Restriction. Decree 32 and the Capital Movements Circular of the Central Bank (the "*Capital Movements Circular*") were amended, effective as of 2 May 2018, in order to introduce restrictions on Turkish resident legal entities utilising foreign currency loans. While this regime maintained the previous prohibition on Turkish individuals utilising foreign exchange loans and foreign exchange-indexed loans, it introduced a strict prohibition on Turkish resident non-bank legal entities (each a "*Corporate Borrower*") utilising foreign currency-indexed loans, imposed restrictions on Corporate Borrowers utilising foreign currency loans (the "*F/X Loan Restriction*") and provided exemptions relating to a borrower's foreign currency income (the "*F/X Income Exemption*") and foreign currency activities (the "*Activity Exemption*") and based upon the unpaid outstanding balance of a borrower's total foreign currency loans (the "*Loan Balance*").

As far as the F/X Income Exemption is concerned, if the Loan Balance of a Corporate Borrower is below US$15 million, then the sum of the foreign currency loans to be utilised and the existing Loan Balance must not be more than the combined value of such Corporate Borrower's foreign currency income as stated in its financial statements for the last three fiscal years. Turkish-resident financial institution lenders are required to control whether a Corporate Borrower complies with this rule. In case of any non-compliance with the F/X Loan Restriction rules, Turkish-resident financial institution lenders are required either to cancel or convert into Turkish Lira the portion of the foreign currency loans to such Corporate Borrower that exceeds this value within 10 business days after the date of determination. The cancelled or converted portion of the relevant loans are then deducted from the credit balance of such Corporate Borrower. In case of a breach of this obligation, an administrative monetary fine might be imposed.

In respect of the Activity Exemption, a legal entity must qualify as a public institution, bank, factoring, financial leasing or financing company resident in Türkiye in order to utilise foreign currency loans. In the case of Corporate Borrowers, the Activity Exemption must relate to an activity performed in the last three fiscal years in the context of, among others: (a) a domestic tender with an international element awarded to such Corporate Borrower, (b) defence industry projects approved by the Undersecretariat of Defence Industry, (c) public-private partnership projects or (d) an export, transit trade, sales and related deliveries subject to the relevant Corporate Borrower certifying the scope of its relevant activity and its potential sources of foreign currency incomes (*muhtemel döviz geliri*). Additionally, loans within the scope of an investment incentive certificate also benefit from the Activity Exemption; *provided* that a Corporate Borrower is required to declare whether any foreign currency loan has been previously utilised based upon the same investment incentive certificate and, if so, such statement must be accompanied with information on the utilisation date, total amount and intermediary bank. On 8 December 2020, the Turkish Treasury extended the scope of the Activity Exemption by including foreign currency loans made to Turkish-resident legal entities that are shareholders of a Turkish-resident legal entity operating a project established as a public-private partnership if the proceeds of such loan are to be added to the capital of such operating company or are to be used in the project. On 8 July 2021, the Turkish Treasury limited the scope of the Activity Exemption for foreign currency loans for renewable energy generation projects and revised the rules such that both licensed generating plants initiating their operations after 1 July 2021 and certain unlicensed generating plants cannot benefit from the Activity Exemption.

F/X Transaction Restriction. On 13 September 2018, Decree 32 was amended to impose restrictions on the use of, or indexing to, foreign currency in the following contracts executed between Persons residing in Türkiye: sale and purchase of movable and immovable property, leasing of all kinds of movable and immovable property (including vehicle and financial leasing), employment, service and construction contracts. According to such amendments, Turkish residents were required to amend any relevant contract so that the contract price and all other payment obligations thereunder were re-determined in Turkish Lira within a 30-day transition period (*i.e.*, by 13 October 2018). On 6 October 2018 and 16 November 2018, the Turkish Treasury issued an amending communiqué that broadened the scope of, but provided certain exemptions to, these restrictions. Among other exemptions, capital market instruments (including any Notes issued directly to Turkish investors, subject to restrictions applicable to a resident of Türkiye on directly investing in Notes (or beneficial interests therein) issued outside of Türkiye – see "Subscription and Sale - Selling Restrictions") are exempt from these restrictions. Accordingly, the issuance, purchase and sale of capital market instruments in accordance with the Capital Markets Law may be denominated in, or indexed to, foreign currency.

In August 2018, the BRSA capped Turkish banks' exposure under swap, spot and forward transactions with non-residents of Türkiye (except transactions with such banks' non-resident financial subsidiaries and other affiliates that are subject to consolidation) under which transactions the Turkish bank initially pays Turkish Lira and receives foreign currency and, at the maturity date, such bank pays foreign currency and receives Turkish Lira to 25% of a bank's regulatory capital, then reduced this level to 10% in February 2020. On 12 April 2020, as part of the government's efforts to contain the possible adverse effects

on the Turkish economy of the global uncertainty resulting from the COVID-19 pandemic, the BRSA issued a press release announcing that this level was reduced to 1%, which level was then returned to 10% on 25 September 2020. In the case of a bank exceeding this level, new transactions may not be executed or renewed until this level (which is calculated on a daily basis) is attained. In addition, written approval of the BRSA is required in case there needs to be a cancellation or extension of any of these derivatives transactions.

On 18 December 2019, the BRSA announced that the total notional amount of a Turkish bank's currency swaps, forwards, options and other similar products with non-residents in Türkiye (except transactions with such banks' non-resident financial subsidiaries and other affiliates that are subject to consolidation) with a remaining maturity of seven days or fewer where, at the maturity date, such bank pays Turkish Lira and receives foreign exchange shall not exceed 10% of such bank's most recently calculated regulatory capital. With its press release on 12 April 2020, the BRSA amended this threshold by announcing that transactions with a remaining maturity of seven days or fewer shall not exceed 1% of the applicable bank's most recently calculated regulatory capital on any given calendar date, which threshold was then returned to 2% on 25 September 2020 and then increased to 5% on 11 November 2020 (as of such date, a threshold of 10% is applied for transactions with a remaining maturity of 30 days or fewer and 30% for transactions with a remaining maturity of one year or less).

Amendments to the Turkish Insolvency and Restructuring Regime

The Enforcement and Bankruptcy Law No. 2004 prevents a contractual arrangement by which a contractual event of default clause is stipulated to be triggered in case any application is made by a Turkish company for debt restructuring upon settlement (*uzlaşma yoluyla yeniden yapılandırma*) within the scope of this law. In addition, changes were introduced to this law on 15 March 2018 that (inter alia) states that the contractual termination, default and acceleration clauses of an agreement cannot be triggered in case the debtor makes a concordat application and such application shall not constitute a breach of such agreement.

On 15 August 2018, the BRSA published the Regulation on Restructuring of Debts in the Financial Sector (the "*Restructuring Regulation*"), which was amended on 21 November 2018 and 12 September 2019, with a view to regulate a financial restructuring opportunity for Turkish companies that have entered into loan transactions with: (a) Turkish banks, (b) financial lease, factoring and financing companies, (c) banks and financial institutions established outside Türkiye, (d) multilateral banks and institutions that directly invest in Türkiye, (e) special purpose companies established by the foregoing institutions for collection of receivables and/or (f) investment funds established as per the Capital Market Law ("*Creditor Institutions*"). The Restructuring Regulation sets forth the procedures and principles on financial restructuring framework agreement(s) (the "*Framework Agreement*") to be executed amongst the Creditor Institutions.

Accordingly, implementation of the restructuring for companies that are financially indebted against banks and other financial institutions for an outstanding principal amount of TL 25 million or more has been initiated with a framework published on the website of the Banks Association of Türkiye on 14 October 2019. On 8 November 2019, implementation of a restructuring regime for companies that are financially indebted against banks and other financial institutions for an outstanding principal amount of less than TL 25 million was published. On 16 July 2021, the Banks Association of Türkiye amended the framework agreement and increased the outstanding principal amount of TL 25 million to TL 100 million. As such, certain borrowers of the Bank might apply for restructuring of their debt.

Credit Guarantee Fund

The KGF was established pursuant to Decree No. 93/4496 dated 14 July 1993 in order to provide guarantees for SMEs and other enterprises, in particular, to those that are not able to obtain bank loans due to their insufficient collateral. In order to improve financing possibilities and contribute to the effective operation of the credit system, pursuant to provisional Article 20 of the Law regarding the Regulation of Public Financing and Debt Management (Law No. 4749) dated 28 March 2002, resources up to TL 2 billion could be transferred by the Minister of the Turkish Treasury to the credit guarantee institutions. Such amount was increased to TL 25 billion in accordance with the Law No. 6770 dated 18 January 2017. In addition, pursuant to Decree No. 2016/9538 on Treasury Support to be provided to the Credit Guarantee Institutions (published in the Official Gazette No. 29896 and dated 22 November 2016) (as amended), the KGF guarantees are supported by the Turkish Treasury. Pursuant to an amendment to such Decree that was published in the Official Gazette dated 30 March 2020, the Turkish Development and Investment Bank was added among the eligible lenders and natural persons were explicitly added as eligible borrowers. On 30 March 2020, an additional TL 25 billion limit was allocated by the government under the KGF guarantee in

order to address the economic impact of the COVID-19 pandemic and the total amount of guarantees that may be given by the KGF was increased from TL 250 billion to TL 500 billion (along with increases in the guarantee limits with respect to individual borrower groups). On 13 August 2022, the total amount of guarantees that may be given by the KGF was increased from TL 500 billion to TL 1 trillion. Additional increases have been implemented that are tailored to specific sectors.

Pursuant to Presidential Decree No. 162 published in the Official Gazette dated 11 October 2018, loans guaranteed by the Turkish Treasury under the KGF programme may be restructured up to 96 months for working capital loans and up to 156 months for investment loans. Such Presidential Decree also requires lenders to provide an opportunity to borrowers to restructure their KGF-guaranteed loans prior to any recourse to the KGF guarantee.

Turkish Lira Borrowing Restrictions

On 24 June 2022, the BRSA introduced Turkish Lira borrowing restrictions for non-financial institution companies that are subject to independent audit. Pursuant to these restrictions, such companies may only borrow Turkish Lira-denominated commercial cash loans from Turkish banks and financial leasing, factoring and financing companies subject to various restrictions depending upon the amount of their foreign currency assets (including (*inter alia*) gold, foreign currency cash, foreign exchange deposits and foreign currency-denominated securities but excluding foreign currency-denominated securities issued by Türkiye itself).

According to these restrictions, these companies with such foreign currency assets of the equivalent of at least TL 10 million at the time of loan application are not permitted to receive Turkish Lira-denominated commercial cash loans (including swap transactions) from Turkish banks and financial leasing, factoring and financing companies if such foreign currency assets exceed 5% of the higher of their total assets and net sales revenue for the most recent financial year. The BRSA has, however, provided an exception for companies who are not permitted to borrow Turkish Lira-denominated commercial cash loans due to this restriction and foreign currency-denominated loans due to other restrictions imposed by applicable laws at the time of the loan application, which companies are permitted to borrow Turkish Lira-denominated commercial cash loans in an amount up to the amount of their three month foreign currency net position deficit as declared by the company at the time of loan application and then confirmed by the company's independent auditors or a certified public accountant at the end of every three-month period. Where any such companies have entities that consolidate into them, these calculations are made on a consolidated basis (though disregarding non-Turkish entities).

Such companies with such foreign currency assets of less than the above-noted amount are permitted to borrow Turkish Lira-denominated commercial cash loans; *provided* that they submit a declaration that: (a) their current foreign exchange assets, total assets and net sales revenue for the most recent financial year do not exceed the relevant thresholds at the time of the loan application and (b) they undertake that the Turkish Lira equivalent of their foreign exchange assets will not exceed such amount (or, if it exceeds such amount, it will not exceed 5% of the higher of their total assets and net sales revenue for the last financial year ending during the term of such loan). In addition, such companies must (every three months) submit to the lending bank(s) a declaration confirmed by their independent auditor or a certified public accountant reaffirming that the above remain true in order to ensure that such bank(s) is/are able to monitor such declaration and undertaking.

Additional Temporary Measures

In addition to the other temporary measures described above relating to the government's response to the COVID-19 pandemic, the BRSA announced on 23 March 2020 (effective until 31 December 2020) and 16 April 2020 certain measures to support banks' calculation of capital adequacy ratios and net foreign currency positions. Pursuant to these rules, banks are entitled to:

(a) use 31 December 2019 exchange rates in certain capital and other calculations, which was then revised by the BRSA on 8 December 2020 (and further extended on 17 June 2021 and 16 September 2021) to allow banks to use the arithmetic mean of the Central Bank's foreign exchange buying rates during the previous 252 business days as of the calculation date until such date as determined by the BRSA (on 21 December 2021, the BRSA announced that banks shall (if using this approach) use the average of the Central Bank's foreign exchange buying rates during the 252 business days ending on 31 December 2021; on 28 April 2022, the BRSA amended this rule so that, until such date as determined by the BRSA, banks may use the Central Bank's foreign exchange buying rates as of 31 December 2021 in certain capital and other calculations; and on 31 January 2023, the BRSA further amended this rule so that, until such date as determined by the BRSA, banks may use the Central Bank's foreign exchange buying rates as of

30 December 2022 in such calculations, which was then amended again on 12 December 2023 to provide that banks may use the Central Bank's foreign exchange buying rates as of 26 June 2023 in such calculations starting as of 1 January 2024),

(b) calculate the level of capital used in capital adequacy ratio calculations by disregarding through 31 December 2020 (as per the BRSA's decision dated 8 December 2020, extended through 30 June 2021) the negative net valuation differences related to securities held as of 23 March 2020 in the portfolio of financial assets at fair value through other comprehensive income (on 17 June 2021, the BRSA indefinitely suspended the application of clause (b) from 30 June 2021, and then, as per its decision dated 21 December 2021, ended the suspension other than for the securities whose fair value difference is reflected in other comprehensive income were negative as of 21 December 2021, for securities obtained after 21 December 2021 whose fair value difference is reflected in other comprehensive income, the relevant provisions of the Regulation on Banks' Equity will continue to be implemented; *however*, as per its decision dated 12 December 2023, the BRSA further decided that in case of securities whose fair value difference is reflected in other comprehensive income as negative as of 1 January 2024, such difference may be disregarded in the calculation of the capital used in capital adequacy ratio calculations(the relevant provisions of the Regulation on Banks' Equity will continue to be implemented for securities obtained after 1 January 2024 whose fair value difference is reflected in other comprehensive income)), and

(c) use 0% risk weightings for foreign currency-denominated receivables owed by the centralised administration (*i.e.*, Turkish state institutions and other public institutions that do not have a separate legal entity and act under the legal entity of the Turkish sovereign) while calculating the amount of exposure subject to credit risk in accordance with the standardised approach as determined under the Capital Adequacy Regulation.

On 27 March 2020, in line with the Economic Stability Shield Package announced by President Erdoğan on 18 March 2020, the Banks Association of Türkiye issued a press release regarding a new "Check Payment Credit Support" and "Economic Stability Shield Credit Support" for banks. These governmental credit supports, pursuant to which banks were able to provide loans to corporate, commercial and (in particular) SME clients, had a maturity of 12 months and an interest rate of 9.5% *per annum* and required no principal or interest payments for three months. The maximum credit amounts that could be lent by a Turkish bank to a customer under these support programmes was determined based upon such customer's annual turnover.

On 22 April 2020, the Central Bank increased from 20% to 30% its limit on the amount of a bank's swap sales (*i.e.*, purchase of a bank's foreign exchange by the Central Bank in return for Turkish Lira) in relation to such bank's total foreign exchange transaction limits with the Central Bank. In May 2020, the Central Bank gradually increased this limit from 30% to 50%, which was increased further to 60% on 26 November 2020. These changes were expected to result in an increase in the foreign exchange reserves held by the Central Bank while enabling Turkish banks to access additional Turkish Lira funding.

On 5 May 2020, the BRSA imposed a new requirement that certain Turkish Lira transactions (*i.e.*, Turkish Lira-denominated placements, loans, deposits and repurchase transactions) performed by a Turkish bank with foreign financial institutions, including such Turkish bank's foreign branches and consolidated foreign subsidiaries regarded as credit institutions and financial institutions, are limited to 0.5% (increased to 2.5% as of 30 November 2020) of such Turkish bank's latest calculated shareholders' equity (as calculated daily on a bank-only basis) as reported to the BRSA on a monthly basis. If a Turkish bank exceeds such limit, then such bank is not be allowed to enter into any new such transactions (or renew any existing such transactions upon their maturity) until such bank is in compliance with this limit. On 20 May 2020, the BRSA declared that any such transactions that clear through Euroclear or Clearstream, Luxembourg are not to be included in the numerator of such calculation (on 28 July 2020, the BRSA clarified that this exemption will be limited only to the clearing activities of securities denominated in Turkish Lira and exempted from the restrictions on access to Turkish Lira swap transactions that satisfy certain criteria). On 6 August 2020, the BRSA announced certain exemptions to this restriction in favour of foreign financial institutions (other than international development banks) for the following transactions: (a) entering into foreign currency swap trades, under which the foreign financial institution buys Turkish Lira in exchange for foreign currency at the initial exchange date (*i.e.*, where the foreign bank will sell Turkish Lira at the maturity date), (b) entering into swap trades entered into in the Borsa İstanbul foreign exchange swap market, where the foreign bank buys Turkish Lira in exchange for foreign currency at the initial exchange date, (c) entering into repo and reverse repo transactions in the Borsa İstanbul repo market and (d) holding Turkish Lira-denominated deposits with Turkish banks; *provided*, in each case, that: (i) the foreign financial institution may only invest in Turkish Lira-denominated securities with the Turkish Lira received as a result of such transactions, and must deposit any excess Turkish Lira liquidity into accounts held with Turkish financial institutions, and (ii)

the relevant foreign financial institution must give an undertaking to its Turkish counterpart with respect to the intended use of Turkish Lira proceeds and obtain the BRSA's prior approval in this respect. On 30 November 2020, the BRSA further exempted from this calculation overdraft facilities extended to foreign financial institutions. This new measure aims to increase the efficient use of Turkish Lira resources and is expected to be effective until the extraordinary conditions that exist due to the COVID-19 pandemic have ceased.

On 20 June 2020, the Central Bank announced the temporary suspension (until 25 December 2020) of its 9 December 2019 rule on having adjusted real loan growth rate lower than 15% for banks with an annual real loan growth rate higher than 15% in order for such banks to able to benefit from certain reserve requirement incentives. This change primarily focused on the increased loan demand of both corporates and individuals, whose cash flows are impacted by the COVID-19 pandemic, while aiming to provide banks with flexibility in meeting such loan demand. This rule was then permanently repealed on 27 November 2020 as noted in "-Liquidity and Reserve Requirements" above.

TERMS AND CONDITIONS OF THE NOTES

The following (except for the paragraphs in italics, which are included for informational purposes only) is the text of the Terms and Conditions of the Notes that will be incorporated by reference into each Global Certificate and endorsed on or attached to each Definitive Certificate.

Terms and Conditions of the Notes

The US$400,000,000 Fixed Rate Resettable Tier 2 Notes due 2034 (the "*Notes*," which expression shall in these Terms and Conditions (these "*Conditions*"), unless the context otherwise requires, include any further notes issued pursuant to Condition 16 and forming a single series with the then-outstanding Notes) are issued by Türk Ekonomi Bankası A.Ş. (the "*Issuer*") pursuant to the Agency Agreement dated 17 January 2024 (the "*Issue Date*") (such agreement as amended, supplemented and/or restated from time to time, the "*Agency Agreement*") and made between the Issuer and BNP Paribas, Luxembourg Branch, as each of: (a) the fiscal agent (the "*Fiscal Agent*," which expression shall include any successor fiscal agent) and the other paying agents named therein (with the Fiscal Agent, the "*Paying Agents*," which expression shall include any additional or successor paying agent(s)), (b) the transfer agent (the "*Transfer Agent*," which expression shall include any additional or successor transfer agent(s)) and (c) the registrar (the "*Registrar*," which expression shall include any successor registrar).

References to "Notes" in these Conditions shall, unless the context otherwise requires, mean: (a) in relation to any Notes represented by a global certificate (a "*Global Certificate*"), such Global Certificate or any principal amount thereof of a Specified Denomination, and (b) any Note in definitive form, which Note is represented by a definitive certificate (a "*Definitive Certificate*" and, with the Global Certificate, each a "*Certificate*").

Any reference to a "*Noteholder*" or "*holder*" in relation to a Note means: (a) with respect to a Note represented by a Definitive Certificate, the Person(s) (as defined below) in whose name such Definitive Certificate is registered in the Register (as defined below), and (b) with respect to a Note represented by a Global Certificate, the Person(s) in whose name such Global Certificate is registered in the Register but construed as provided in Condition 1.2.

The Noteholders are entitled to the benefit of a deed of covenant dated the Issue Date and made by the Issuer (such deed as amended, supplemented and/or restated from time to time, the "*Deed of Covenant*"). The original of the Deed of Covenant is held by the common depositary for Euroclear Bank SA/NV ("*Euroclear*") and Clearstream Banking S.A. ("*Clearstream, Luxembourg*").

Copies of the Agency Agreement and the Deed of Covenant may be inspected during normal business hours at the Specified Office (as defined in Condition 13) of each of the Fiscal Agent, the other Paying Agents, the Registrar and the other Transfer Agents (such agents and the Registrar being together referred to as the "*Agents*") by any Noteholder that produces evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes (or beneficial interests therein) and identity. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the Deed of Covenant that are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and these Conditions, these Conditions shall prevail.

In these Conditions: (a) "*U.S. dollars*" and "*US$*" mean the lawful currency for the time being of the United States of America, (b) the term "*law*" shall (unless the context otherwise requires) be deemed to include legislation, regulations and other legal requirements and (c) unless the contrary intention appears, a reference to a law (including a provision of a law) is a reference to that law (or provision) as extended, amended or re-enacted.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in registered form and the Certificates will be numbered serially with an identifying number that the Issuer will procure to be recorded on the relevant Certificate and in the register of holders of the Notes represented by the Certificates maintained by the Registrar outside of the United Kingdom (the "*Register*"). The Notes shall be in U.S. dollars and issued in amounts of US$200,000 and integral multiples of US$1,000 in excess thereof (each a "*Specified Denomination*").

The Issuer is issuing the Notes: (a) as Tier 2 Capital in compliance with Article 8 of the Equity Regulation (as defined in Condition 3.4), including being subject to the provisions of sub-paragraph 2 of such Article 8, and (b) pursuant to the Turkish Commercial Code (Law No. 6102), the Capital Markets Law (Law No. 6362) of the Republic of Türkiye ("*Türkiye*") and the Communiqué on Debt Instruments No. VII-128.8 issued by the Turkish Capital Markets Board (in Turkish: *Sermaye Piyasası Kurulu*) (the "*CMB*"). The proceeds of the Notes shall be fully paid in cash to the Issuer.

1.2 Title to the Notes

Subject as set out below, title to the Notes will pass upon registration of transfer in accordance with the provisions of the Agency Agreement. The Issuer and each of the Agents will (except as otherwise required by law) deem and treat the registered holder of any Note represented by a Certificate as the absolute owner thereof (whether or not any payment on the Notes represented by such Certificate is overdue and regardless of any notice of ownership, trust or any other interest or any writing on, or the theft or loss of, such Certificate) for all purposes but, in the case of any Notes represented by a Global Certificate, without prejudice to the provisions set out in the following paragraphs of this Condition 1.2.

For so long as any of the Notes is represented by a Global Certificate deposited with and registered in the name of a common depositary for Euroclear and/or Clearstream, Luxembourg, each Person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg, as the case may be, as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg, as the case may be, as to the principal amount of such Global Certificate standing to the account of any Person shall be conclusive and binding for all purposes except in the case of manifest or proven error) shall, upon receipt of such certificate or other document by the Issuer or an Agent, be treated by the Issuer or such Agent (as applicable) as if such Person were the holder of such principal amount of such Notes (and the registered holder of such Global Certificate shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal, interest or other amounts on such Global Certificate, for which purpose the registered holder of such Global Certificate shall be treated by the Issuer and each Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of such Global Certificate. The expressions "Noteholder" and "holder of Notes" and related expressions shall, for the purposes of any Notes represented by a Global Certificate as described in this paragraph, be construed accordingly.

Notes that are represented by a Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the applicable clearing system.

2. TRANSFERS OF NOTES

2.1 Transfers of Beneficial Interests in Global Certificates

Transfers of beneficial interests in Global Certificates will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and (in turn) by direct and (if appropriate) indirect participants in such clearing systems acting on behalf of transferors and transferees of such beneficial interests. A beneficial interest in a Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for a Note in definitive form represented by a Definitive Certificate or for a beneficial interest in another Global Certificate, in each case, only in a Specified Denomination (and provided that the outstanding principal balance of such beneficial interest of the transferor not so transferred is an amount of at least the minimum Specified Denomination) and only in accordance

with the then-applicable rules and operating procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement and the relevant Global Certificate.

2.2 Transfers of Notes Represented by Definitive Certificates

Upon the terms and subject to the conditions set forth in the Agency Agreement, Notes in definitive form represented by a Definitive Certificate may be transferred in whole or in part (in a Specified Denomination) (and provided that, if the Notes represented by a Definitive Certificate are transferred in part, then the outstanding principal balance of such Notes not so transferred is an amount of at least the minimum Specified Denomination). In order to effect any such transfer: (a) the holder(s) must: (i) surrender such Definitive Certificate for registration of the transfer of the Notes (or the relevant part of the Notes) represented thereby at the Specified Office of any Transfer Agent, with the form of transfer thereon duly executed by such holder(s) (or by one or more attorney(s) duly authorised in writing therefor), and (ii) complete and deliver such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the Person(s) making the request. Any such transfer will be subject to such additional reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in the Agency Agreement).

Subject as provided in the preceding paragraph, the relevant Transfer Agent will promptly (and, in any event, within three business days (being for this purpose a day on which commercial banks are open for business in the city where the Specified Office of the relevant Transfer Agent is located)) after its receipt of such a request (or such longer period as may be required to comply with any applicable fiscal or other laws), authenticate (or procure the authentication of) and: (x) deliver, or procure the delivery of, at its Specified Office to the specified transferee or (y) if so requested by the specified transferee (and then at the risk of such transferee), send by uninsured mail (to such address as such transferee may request) a new Definitive Certificate of a like aggregate principal amount of the Notes being transferred.

In the case of the transfer of part only of the Notes represented by a Definitive Certificate, a new Definitive Certificate in respect of the balance of the Notes represented by that Definitive Certificate not transferred will be so authenticated and delivered or (if so requested by the transferor, and then at the risk of such transferor) sent by uninsured mail (to such transferor's address in the Register) to such transferor. No transfer of any Notes represented by a Definitive Certificate will be valid unless and until entered in the Register.

2.3 Costs of Registration

Noteholders will not be charged by the Issuer or any of the Agents for any costs and expenses of effecting any transfer of Notes (including the registration of such transfer in the Register) as provided in this Condition 2, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer and/or any Agent may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration and/or transfer.

3. STATUS OF THE NOTES

3.1 Subordination

The Notes (and claims for payment by the Issuer in respect thereof) are direct, unsecured and subordinated obligations of the Issuer and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

(a) subordinate in right of payment to the payment of all Senior Obligations,

(b) *pari passu* without any preference among themselves and with all Parity Obligations, and

(c) in priority to all payments in respect of Junior Obligations.

By virtue of such subordination of the Notes, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid under the Notes until all payment obligations in respect of Senior Obligations have been satisfied.

3.2 No Set-off or Counterclaim

All payment obligations of, and payments made by, the Issuer on the Notes must be determined and made without reference to any right of set-off or counterclaim of any holder of the Notes, whether arising before or in respect of any Subordination Event. By virtue of the subordination of the Notes, following a Subordination Event and for so long as that Subordination Event subsists and prior to all payment obligations in respect of Senior Obligations having been satisfied, no holder of the Notes shall exercise any right of set-off or counterclaim in respect of any amount owed to such holder by the Issuer on the Notes and any such rights shall be deemed to be waived.

3.3 No Link to Derivative Transactions or Issuer-provided Security

The Issuer shall not: (a) link its obligations in respect of the Notes to any derivative transaction or derivative contract or (b) provide any direct or indirect guarantee or security (in Turkish: *teminat*) for such obligations, in each case in a manner that would result in a violation of Article 8(2)(b) of the Equity Regulation.

3.4 Defined Terms

For the purposes of these Conditions:

"*Additional Tier 1 Capital*" means additional tier 1 capital (in Turkish: *ilave ana sermaye*) as provided under Article 7 of the Equity Regulation,

"*Additional Tier 1 Instrument*" means any security, other instrument, loan or other obligation that constitutes Additional Tier 1 Capital of the Issuer,

"*Applicable Banking Regulations*" means at any time the laws (including regulations, communiqués and regulatory decisions), requirements, guidelines and policies relating to capital adequacy then in effect in Türkiye (including, without limitation to the generality of the foregoing, the Banking Law, the Capital Adequacy Regulation, the Equity Regulation, the Communiqué on Debt Instruments to be Included in the Equity Calculation of Banks, the Capital Conservation and Countercyclical Capital Buffer Regulation, the Regulation on Systemically Important Banks, the BRSA decision No. 6602 dated 18 December 2015 and other regulations, communiqués, decisions, requirements, guidelines and policies relating to capital adequacy of the BRSA), in each case, whether or not they are applied generally or specifically to the Issuer (and with respect to requirements, guidelines or policies, whether or not any such requirements, guidelines or policies have the force of law),

"*Banking Law*" means the Turkish Banking Law (Law No. 5411), as amended, supplemented or superseded from time to time,

"*BRSA*" means the Banking Regulation and Supervision Agency (in Turkish: *Bankacılık Düzenleme ve Denetleme Kurumu*) of Türkiye or such other governmental authority in Türkiye having primary bank supervisory authority with respect to the Issuer,

"*Capital Adequacy Regulation*" means the BRSA's Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks published in the Official Gazette No. 29511 dated 23 October 2015, as amended, supplemented or superseded from time to time,

"*Communiqué on Debt Instruments to be included in the Calculation of Banks' Equity*" means the BRSA's communiqué of such name published in the Official Gazette dated 7 June 2018, as such communiqué is amended, supplemented or superseded from time to time,

"*Equity Regulation*" means the BRSA's Regulation on the Equity of Banks published in the Official Gazette No. 28756 dated 5 September 2013, as amended, supplemented or superseded from time to time,

"*Junior Obligations*" means: (a) any class of share capital (including Ordinary Shares and preferred shares) of the Issuer and (b) any of the Issuer's present and future obligations to make payments in respect of any: (i) class of share capital (including Ordinary Shares and preferred shares) of the Issuer and (ii) securities, other instruments, loans or other obligations (including Additional Tier 1 Instruments) of the Issuer that rank, or are expressed to rank, junior to the Issuer's obligations under the Notes,

"*Ordinary Shares*" of a Person means ordinary shares in the capital of such Person, each of which confers on the holder one vote at a general assembly of shareholders of such Person,

"*Parity Obligations*" means, other than the Issuer's obligations under the Notes, any of the Issuer's present and future indebtedness and other obligations in respect of any: (a) Tier 2 Instruments and (b) securities, other instruments, loans or other obligations of the Issuer that rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the Notes,

"*Person*" means any individual, company, partnership, association, unincorporated organisation, trust or other juridical entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality,

"*Regulation on Capital Conservation and Countercyclical Capital Buffers*" means the BRSA's Regulation on Capital Conservation and Countercyclical Capital Buffers (published in the Official Gazette dated 5 November 2013 and numbered 28812), as amended, supplemented or superseded from time to time,

"*Regulation on Systemically Important Banks*" means the BRSA Regulation on Systemically Important Banks (published in the Official Gazette dated 23 February 2016 and numbered 29633, with an effective date of 23 February 2016), as amended, modified, supplemented or superseded from time to time,

"*Senior Obligations*" means any of the Issuer's present and future indebtedness and other obligations (including, without limitation, any obligations of the Issuer: (a) in respect of any Senior Taxes, statutory preferences and other legally required payments, and (b) to depositors, trade creditors and other senior creditors), other than its obligations under: (i) the Notes, (ii) any Parity Obligations and (iii) any Junior Obligations,

"*Senior Taxes*" means any tax, levy, fund, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) including, without limitation, the Banking and Insurance Transactions Tax (in Turkish: *Banka ve Sigorta Muameleleri Vergisi*) imposed by Article 28 of the Expenditure Taxes Law (Law No. 6802), income withholding tax pursuant to the Decrees of the Council of Ministers of Türkiye (Laws No. 2009/14592, 2009/14593 and 2009/14594, as amended by Laws No. 2011/1854 and 2010/1182 and Presidential Decree No. 842), Articles 15 and 30 of the Corporate Income Tax Law (Law No. 5520) and Article 94 and Provisional Article 67 of the Income Tax Law (Law No. 193), any reverse VAT imposed by the VAT Law (Law No. 3065), any stamp tax imposed by the Stamp Tax Law (Law No. 488) and any withholding tax imposed by, or anti-tax haven regulations under, Article 30.7 of the Corporate Income Tax Law (Law No. 5520),

"*Subordination Event*" means any distribution of the assets of the Issuer on a dissolution, winding-up or liquidation of the Issuer whether in bankruptcy, insolvency, receivership, voluntary or mandatory reorganisation of indebtedness (in Turkish: *konkordato*) or any analogous proceedings referred to in the Banking Law, the Turkish Commercial Code (Law No. 6102) or the Turkish Execution and Bankruptcy Code (Law No. 2004),

"*Tier 2 Capital*" means tier 2 capital as provided under Article 8 of the Equity Regulation, and

"*Tier 2 Instrument*" means any security, other instrument, loan or other obligation that constitutes Tier 2 Capital of the Issuer.

4. COVENANTS

4.1 Maintenance of Authorisations

So long as any Note remains outstanding, the Issuer shall take all necessary action to maintain, obtain and promptly renew, and do or cause to be done all things reasonably necessary to ensure the continuance of, all consents, permissions, licences, approvals and authorisations, and make or cause to be made all registrations, recordings and filings, that may at any time be required to be obtained or made in Türkiye (including, without limitation, with the CMB and the BRSA) for: (a) the execution, delivery or performance of the Agency Agreement, the Deed of Covenant and the Certificates or for the validity or enforceability thereof (or, for the Certificates, the performance of the Notes represented thereby) or (b) except to the extent any failure to do so does not have a Material Adverse Effect, the conduct by it of the Permitted Business.

4.2 Financial Reporting

So long as any Note remains outstanding, the Issuer shall deliver to the Fiscal Agent for distribution to any Noteholder upon such Noteholder's written request to the Fiscal Agent:

(a) not later than 120 days after the end of each financial year of the Issuer, English language copies of its audited consolidated financial statements for such financial year, prepared in accordance with the BRSA Principles, with the corresponding financial statements for the preceding financial year, and all such financial statements shall be accompanied by the report of the auditors thereon, and

(b) not later than 120 days after the end of each of the first three quarters of each financial year of the Issuer, English language copies of its unaudited (or, if published, audited) consolidated financial statements for such three month period, prepared in accordance with the BRSA Principles, with the corresponding financial statements for the corresponding period of the previous financial year, and all such interim financial statements shall be accompanied by the report of the auditors thereon;

provided that any such financial statement shall be deemed to have been delivered on the date on which the Issuer has published such financial statement (in a manner that is readily accessible to all) on its website (as of the Issue Date, https://www.teb.com.tr/about-teb/independent-audit-report-and-financial-statements/) (the Issuer shall promptly notify the Fiscal Agent that the Issuer has published such financial statement on such website).

4.3 Merger, Amalgamation, Consolidation, Sale, Assignment or Disposal

So long as any Note remains outstanding, the Issuer shall not merge, amalgamate or consolidate with or into, or sell, assign or otherwise dispose of all or substantially all of its property and assets (whether in a single transaction or a series of related transactions) to, any other Person (a "*Successor Entity*") without the prior approval of the holders of the Notes by way of an Extraordinary Resolution unless either:

(a) (i) the Successor Entity is incorporated, domiciled and resident in Türkiye and executes a deed poll and such other documents (if any) as may be necessary to give effect, immediately upon the effectiveness of such merger, amalgamation, consolidation, sale, assignment or other disposition (the "*Assumption Time*"), to its assumption of (or otherwise becoming bound by and entitled to, as applicable) all of the obligations, covenants, liabilities and rights of the Issuer in respect of the Notes and (without limiting the generality of the foregoing) pursuant to which the Successor Entity shall undertake in favour of each Noteholder to (immediately at the Assumption Time) be bound by the Notes, these Conditions and the provisions of the Agency Agreement and the Deed of Covenant (together, the "*Issue Documents*") as fully as if it had been named in the Issue Documents in place of the Issuer, and

(ii) the Issuer (or the Successor Entity) delivers to the Fiscal Agent a legal opinion from a leading firm of lawyers in each of Türkiye and England to the effect that, subject to no greater limitations as to enforceability than those that would apply in any event in the case of the Issuer, the Issue Documents

will at the Assumption Time constitute legal, valid and binding obligations of the Successor Entity, with each such opinion to be dated not more than seven days prior to the date of occurrence of such Assumption Time;

provided that: (A) none of the Enforcement Events (as defined in Condition 11) exists and (B) such merger, amalgamation or consolidation or sale, assignment or other disposition does not and would not: (1) result in any other default or breach of the obligations and covenants of the Issuer under the Notes or of the Successor Entity on its assumption of (or otherwise becoming bound by) such obligations and covenants in accordance with the provisions of this Condition 4.3(a) or (2) otherwise have a Material Adverse Effect, or

(b) the surviving legal entity following any such merger, amalgamation or consolidation is the Issuer.

In the circumstance of a Successor Entity, the provisions of these Conditions referring to the "Issuer" shall as applicable thereafter be considered to refer to such Successor Entity.

4.4 Defined Terms

For the purposes of these Conditions:

"*BRSA Principles*" means the laws relating to the accounting and financial reporting of banks in Türkiye (including the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, other regulations on the accounting records of banks published by the Banking Regulation and Supervision Board, which is the board of the Banking Regulation and Supervision Agency (in Turkish: *Bankacılık Düzenleme ve Denetleme Kurumu*) (the "*BRSA*"), and circulars and interpretations published by the BRSA) and the requirements of the "Turkish Accounting Standards" (including TAS 34 on "Interim Financial Reporting") and "Turkish Financial Reporting Standards" issued by the Public Oversight, Accounting and Auditing Standards Authority (in Turkish: *Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu*) for the matters that are not regulated by such laws,

"*Group*" means the Issuer and its Subsidiaries,

"*Material Adverse Effect*" means a material adverse effect on: (a) the business, financial condition or results of operations of the Issuer or the Group or (b) the Issuer's ability to perform its obligations under the Notes (with respect to Condition 4.3, such to be determined by reference to the Issuer and the Group immediately prior to, and to the Successor Entity and the New Group immediately after, the relevant merger, amalgamation or consolidation or sale, assignment or other disposition),

"*New Group*" means the Successor Entity and its Subsidiaries,

"*Permitted Business*" means any business that is the same as or related, ancillary or complementary to any of the businesses of the Issuer on the Issue Date, and

"*Subsidiary*" means, in relation to any Person (the "*First Person*"), any other Person: (a) in which such First Person holds a majority of the voting rights, (b) of which such First Person is a member and has the right to appoint or remove a majority of the board of directors or (c) of which such First Person is a member and controls a majority of the voting rights, and includes any Person that is a Subsidiary of a Subsidiary of any such Person; *however,* in relation to the consolidated financial statements of a Person, a Subsidiary shall mean Persons that are consolidated into such First Person.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

Each Note bears interest from (and including):

(a) the Issue Date to (but excluding) the Issuer Call Date at the rate of 9.375% *per annum* (the "*Initial Interest Rate*"), and

(b) the Issuer Call Date to (but excluding) the Maturity Date (the "*Reset Period*") at the rate *per annum* equal to the aggregate of: (i) the Reset Margin and (ii) the CMT Rate (the "*Reset Interest Rate*" and, with the Initial Interest Rate, each an "*Interest Rate*"), as determined by the Fiscal Agent on the Reset Determination Date.

Such interest will be payable semi-annually in arrear on each of 17 January and 17 July (each an "*Interest Payment Date*") in each year up to (and including) the Maturity Date in respect of the relevant Interest Period, commencing on the Interest Payment Date on 17 July 2024.

In the case of any Write-Down of the Notes pursuant to Condition 6.1, interest will be paid on the Notes:

(i) if the Notes are Written Down in full, on the date of the Write-Down (the "*Write-Down Date*") and in respect of: (A) the period from (and including) the Interest Payment Date immediately preceding the Write-Down Date (or, if none, the Issue Date) to (but excluding) the Write-Down Date and (B) the Prevailing Principal Amount of each Note during that period, and

(ii) if the Notes are not Written Down in full, on the Interest Payment Date immediately following such Write-Down (the "*Partial Write-Down Interest Payment Date*") and calculated as the sum of the amount of interest payable in respect of:

   (A) the period from (and including) the Interest Payment Date immediately preceding the Write-Down Date (or, if none, the Issue Date) to (but excluding) the Write-Down Date, and

   (B) the period from (and including) the Write-Down Date to (but excluding) the Partial Write-Down Interest Payment Date,

   and, in each case, the Prevailing Principal Amount(s) of the Notes during those respective periods.

5.2 Calculation of Interest

The amount of interest payable on the Notes represented by each Certificate shall be calculated in respect of any period by: (a) multiplying the then-applicable Interest Rate by the aggregate Prevailing Principal Amount of the outstanding Notes represented by such Certificate, (b) multiplying such amount by 30/360 and (c) rounding the resultant figure to the nearest US$0.01 (with US$0.005 being rounded upwards).

In the case of a period for which interest is to be calculated where different Prevailing Principal Amounts of a Note have applied (*e.g.*, where a partial Write-Down occurred during such period), the above calculation shall be performed separately for each sub-period within that period during which the Prevailing Principal Amount of such Note was different and the aggregate of the amounts resulting from such calculations shall be the interest payable in respect of the relevant period.

5.3 Determination and Notification of Reset Interest Rate

The Fiscal Agent will, at or as soon as reasonably practicable after the Relevant Time, determine the Reset Interest Rate and cause: (a) it to be notified to the Issuer and any stock exchange on which (at the request of the Issuer) the Notes are for the time being listed and (b) notice thereof to be published in accordance with Condition 14, in each case, as soon as possible after its determination but in no event later than the fourth Luxembourg Business Day

thereafter. For the purposes of this paragraph, the expression "*Luxembourg Business Day*" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Luxembourg City, Luxembourg.

5.4 Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 shall (in the absence of wilful default, bad faith or manifest or proven error) be binding upon the Issuer, the Fiscal Agent, the other Agents and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer or the Noteholders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers and duties pursuant to such provisions.

5.5 Accrual of Interest

Each Note will cease to bear interest from (and including) the date specified for its redemption unless, upon due presentation thereof, payment of principal on such Note is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due on such Note have been paid (with such additional accrued interest being due and payable immediately), and

(b) five days after the date on which the full amount of the moneys payable on such Note has been received by the Fiscal Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14.

5.6 Defined Terms

For the purposes of these Conditions:

"*30/360*" means the number of days in the relevant period to (but excluding) the relevant payment date *divided by* 360, calculated on the basis of a year of 360 days with twelve 30-day months. Any reference to "30/360" in these Conditions shall have the meaning described in this definition as opposed to being a numerical reference,

"*Bloomberg Screen*" means the display page on the Bloomberg L.P. information service designated as the "H15T5Y" page or such other page as shall replace it on that information service or any successor information service for the purpose of displaying "treasury constant maturities" as reported in H.15(519),

"*Business Day*" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Luxembourg and New York City,

"*CMT Rate*" means the rate determined by the Fiscal Agent and expressed as a percentage equal to:

(a) the yield for United States Treasury Securities at "constant maturity" for a designated maturity of five years, as published in the H.15(519) under the caption "treasury constant maturities (nominal)," as that yield is available on the Bloomberg Screen at the Relevant Time,

(b) if the yield referred to in clause (a) is not available on the Bloomberg Screen at the Relevant Time, then the yield for United States Treasury Securities at "constant maturity" for a designated maturity of five years as available in the H.15(519) under the caption "treasury constant maturities (nominal)" at the Relevant Time, or

(c) if the yield referred to in clauses (a) and (b) are not so available at the Relevant Time, then the Reset Reference Bank Rate,

"*H.15(519)*" means the weekly statistical release designated as H.15(519), or any successor publication, published by the board of governors of the Federal Reserve System at http://www.federalreserve.gov/releases/h15 (or any successor site or publication),

"*Initial Principal Amount*" means, in respect of a Note, US$1,000 for each US$1,000 of the Specified Denomination of that Note as of the Issue Date (or, with respect to any further notes issued pursuant to Condition 16, the issue date thereof),

"*Interest Period*" means the period from (and including) an Interest Payment Date (or, as the case may be, the Issue Date) to (but excluding) the next (or, in respect of the first Interest Period, first) Interest Payment Date or, if the Notes become payable on a date other than an Interest Payment Date, the relevant payment date,

"*Issuer Call Date*" means 17 January 2029,

"*Maturity Date*" means 17 January 2034,

"*Prevailing Principal Amount*" means, in respect of a Note at any time, the Initial Principal Amount of that Note as reduced (on one or more occasion(s)) by any Write-Down at or prior to such time (with respect to a Certificate, a reference to a Prevailing Principal Amount refers to the aggregate Prevailing Principal Amount of the Notes represented thereby),

"*Relevant Time*" means at or around 11:00 a.m. (New York City time) on the Reset Determination Date,

"*Representative Amount*" means a principal amount of United States Treasury Securities that is representative of a single transaction in United States Treasury Securities in the New York City market at the Relevant Time,

"*Reset Determination Date*" means the third Business Day immediately preceding the Issuer Call Date,

"*Reset Margin*" means 5.414% *per annum*,

"*Reset Reference Bank Rate*" means the rate *per annum* equal to the semi-annual equivalent yield to maturity of the Reset United States Treasury Securities determined by the Fiscal Agent on the basis of the arithmetic mean of the Reset Reference Bank Rate Quotations provided by the Reset Reference Banks to the Fiscal Agent at the Relevant Time. The Issuer will request the principal office of each of the Reset Reference Banks to provide such quotations to the Fiscal Agent. If three or more quotations are so provided, then the Reset Reference Bank Rate shall be determined by the Fiscal Agent on the basis of the arithmetic mean of those quotations, eliminating the highest such quotation (or, in the event of equality, one of the highest) and the lowest such quotation (or, in the event of equality, one of the lowest). If only two quotations are so provided, then the Reset Reference Bank Rate shall be determined by the Fiscal Agent on the basis of the arithmetic mean of the quotations provided. If only one quotation is so provided, then the Reset Reference Bank Rate shall be determined by the Fiscal Agent on the basis of such quotation. If no quotations are so provided, then the Reset Reference Bank Rate shall be 3.961% *per annum*,

"*Reset Reference Bank Rate Quotation*" means, for each Reset Reference Bank, the secondary market bid prices of such Reset Reference Bank for Reset United States Treasury Securities at the Relevant Time,

"*Reset Reference Banks*" means five banks selected by the Issuer that are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York City (excluding the Fiscal Agent or any of its affiliates),

"*Reset United States Treasury Securities*" means United States Treasury Securities with an original maturity equal to five years, a remaining term to maturity of no less than four years and in a Representative Amount. If two United States Treasury Securities have remaining terms to maturity equally close to five years, then the Reset United States Treasury Securities shall be the United States Treasury Security with the shorter remaining term to maturity, and

"*United States Treasury Securities*" means securities that are direct obligations of the United States Treasury and were issued other than on a discount rate basis.

6. LOSS ABSORPTION UPON THE OCCURRENCE OF A NON-VIABILITY EVENT

6.1 Write-Down of the Notes

Under Article 8(2)(ğ) of the Equity Regulation, to be eligible for inclusion as Tier 2 Capital of the Issuer, it should, among other things, be possible pursuant to the terms of the Notes for the Notes to be written down or converted into equity of the Issuer upon the decision of the BRSA in the event that it is probable that: (a) the operating licence of the Issuer may be revoked or (b) shareholders' rights (except to dividends) and the management and supervision of the Issuer may be transferred to the SDIF, in each case pursuant to Article 71 of the Banking Law (as further defined below, a Non-Viability Event). For the purposes of the Notes, the Issuer has elected pursuant to Article 8(2)(ğ) of the Equity Regulation to provide for the permanent write-down of the Notes as follows, and not their conversion into equity, upon the occurrence of a Non-Viability Event.

If a Non-Viability Event occurs at any time, then the Issuer shall:

(a) *pro rata* with the other Notes and (if any exist) all Parity Loss-Absorbing Instruments, and

(b) in conjunction with, and such that no Write-Down (as defined below) shall take place without there also being:

   (i) the maximum possible reduction in the principal amount of, and/or corresponding conversion into equity being made or other similar or equivalent action being taken in respect of, all Junior Loss-Absorbing Instruments (including Additional Tier 1 Capital) in accordance with the provisions of such Junior Loss-Absorbing Instruments, and

   (ii) the implementation of Statutory Loss-Absorption Measures, involving the absorption by all other Junior Obligations (including common equity Tier 1 capital (in Turkish: *çekirdek sermaye*)) to the maximum extent allowed by law of the relevant loss(es) giving rise to the Non-Viability of the Issuer within the framework of the procedures and other measures by which the relevant loss(es) of the Issuer giving rise to the Non-Viability Event may be absorbed by such Junior Obligations pursuant to Article 71 of the Banking Law and/or otherwise under Turkish law,

reduce the then Prevailing Principal Amount of each outstanding Note by the relevant Write-Down Amount (any such reduction, a "*Write-Down*," and "*Written Down*" and "*Writing Down*" shall be construed accordingly).

For these purposes, any determination of a Write-Down Amount shall take into account the absorption of the relevant loss(es) by all Junior Obligations to the maximum extent possible or otherwise allowed by applicable law and the Writing Down of the Notes *pro rata* with (if any exist) all Parity Loss-Absorbing Instruments, thereby maintaining the respective rankings described under Condition 3.1.

As of the date of this Prospectus, there are a number of corrective, rehabilitative and restrictive measures that the BRSA may require to be taken under Articles 68 to 70 of the Banking Law prior to any determination of Non-Viability of the Issuer. In conjunction with any such determination by the BRSA, losses might be absorbed by shareholders of the Issuer pursuant to Article 71 of the Banking Law upon: (a) the transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF, on the condition that such losses are deducted from the capital of the shareholders, and/or (b) the revocation of the Issuer's operating licence and its liquidation; however, the Write-Down of the Notes under the Equity Regulation might take place before any such transfer or liquidation.

As noted in the first italicised paragraph of this Condition 6.1, while the Notes may be Written Down before any transfer or liquidation as described in the preceding paragraph, a Write-Down must take place in conjunction with such transfer of shareholders' rights to the SDIF or the revocation of the Issuer's operating licence and liquidation, in each case pursuant to Article 71 of the Banking Law, in order that the respective rankings described in

Condition 3.1 are maintained and the relevant loss(es) are absorbed by Junior Obligations to the maximum extent possible. In this respect, such action will be taken as is decided by the BRSA. Where a Write-Down of the Notes takes place before the liquidation of the Issuer, Noteholders would only be able to claim and prove in such liquidation in respect of the Prevailing Principal Amount (if any) of the Notes following the Write-Down.

The Issuer shall notify the Noteholders of any Non-Viability Event in accordance with Condition 14 as soon as practicable upon receiving notice thereof from the BRSA; *provided* that, prior to the publication of such notice, the Issuer shall deliver to the Fiscal Agent the statement(s) in writing received from (or published by) the BRSA of its determination of such Non-Viability Event. The Issuer shall further notify the Noteholders in accordance with Condition 14 and deliver to the Fiscal Agent the statement(s) in writing received from (or published by) the BRSA specifying the Write-Down Amount as soon as practicable upon receiving notice thereof from the BRSA. Any failure by the Issuer to give any such notice to or otherwise to so notify or deliver such statement(s) to Noteholders and/or the Fiscal Agent shall not in any way impact on the effectiveness of, or otherwise invalidate, any Write-Down or give Noteholders any rights.

6.2 No Default

The occurrence of a Non-Viability Event or any Write-Down shall not constitute a default or the occurrence of any event related to the bankruptcy, winding-up or insolvency of the Issuer or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt or insolvent or for the dissolution, winding-up or liquidation of the Issuer.

6.3 Write-Down May Occur on More than One Occasion and Noteholders will have no Further Claim in respect thereof

A Non-Viability Event may occur on more than one occasion and, accordingly, the Notes may be Written Down on more than one occasion, with each such Write-Down to involve the reduction of the then Prevailing Principal Amount of each outstanding Note by the relevant Write-Down Amount.

Noteholders will have no further claim against the Issuer in respect of any Written-Down Amount and if, at any time, the Notes are Written Down in full, then the Notes shall be cancelled following payment of interest accrued and unpaid to (but excluding) the date of such final Write-Down and the Noteholders will have no further claim against the Issuer in respect of any Notes.

6.4 Defined Terms

For the purposes of these Conditions:

"*Junior Loss-Absorbing Instrument*" means any Other Non-Viability Event Loss-Absorbing Instrument that is or represents a Junior Obligation,

"*Non-Viability Event*" means the determination by the BRSA that, upon the incurrence of a loss by the Issuer (on a consolidated or non-consolidated basis), the Issuer has become, or it is probable that the Issuer will become, Non-Viable,

"*Non-Viable*" means where the Issuer is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (a) the Issuer's operating licence is to be revoked and the Issuer liquidated or (b) the rights of all of the Issuer's shareholders (except to dividends), and the management and supervision of the Issuer, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders, and "*Non-Viability*" shall be construed accordingly,

"*Other Non-Viability Event Loss-Absorbing Instrument*" means any security, other instrument, loan or other obligation (other than the Notes) that has provision for all or some of its principal amount to be reduced, converted into equity and/or subjected to any other similar or equivalent action (in accordance with its terms or otherwise) on the occurrence or as a result of a Non-Viability Event (which shall not include Ordinary Shares or any other security, other instrument,

loan or other obligation that does not have such provision in its terms or otherwise but that is subject to any Statutory Loss-Absorption Measure),

"*Parity Loss-Absorbing Instrument*" means any Other Non-Viability Event Loss-Absorbing Instrument that is or represents a Parity Obligation,

"*SDIF*" means the Savings Deposit Insurance Fund (in Turkish: *Tasarruf Mevduatı Sigorta Fonu*) of Türkiye,

"*Statutory Loss-Absorption Measure*" means the transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF pursuant to Article 71 of the Banking Law or any analogous procedure or other measure under the applicable laws of Türkiye by which the relevant loss(es) of the Issuer giving rise to the Non-Viability Event may be absorbed by Junior Obligations,

"*Write-Down Amount*," in respect of an outstanding Note, means the amount by which the Prevailing Principal Amount of such Note as of the date of the relevant Write-Down is to be Written Down, which shall be determined as described in Condition 6.1 and may be all or part only of such Prevailing Principal Amount, in each case as specified in writing (including by way of publication) by the BRSA (and "*Written-Down Amount*" shall be construed accordingly).

While a Write-Down of the Notes may take place before the absorption of the relevant loss(es) giving rise to the Non-Viability Event to the maximum extent possible by Junior Obligations, such loss absorption might be taken into account by the BRSA, where relevant, in the determination of the Write-Down Amount in order for the respective rankings described in Condition 3.1 to be maintained on any Write-Down as provided in Condition 6.1.

7. PAYMENTS

7.1 Method of Payment

Except as provided in this Condition 7, payments will be made by credit or transfer to an account in U.S. dollars (or any account to which U.S. dollars may be credited or transferred) maintained by the payee or, at the option of the payee, by a cheque in U.S. dollars drawn on a bank or other financial institution that processes payments in U.S. dollars.

Payments of principal and interest on the Notes will be subject in all cases to: (a) any fiscal or other laws applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9, and (b) any withholding or deduction required pursuant to FATCA ("*FATCA Withholding Tax*").

In these Conditions, "*FATCA*" means: (a) an agreement described in Section 1471(b) of the Internal Revenue Code of 1986, as amended (the "*Code*"), of the United States of America, (b) Sections 1471 through 1474 of the Code, (c) any regulations or agreements thereunder or official interpretations thereof, (d) any intergovernmental agreement between the United States and any other governmental authority entered into in connection with the implementation of the foregoing in this definition or (e) any applicable law, rule or official practice implementing such an intergovernmental agreement.

7.2 Payments on Notes

Payments of principal to redeem a Note (whether represented by a Definitive Certificate or a Global Certificate) will be made only against surrender of the applicable Certificate at the Specified Office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account of the holder (or the first named of joint holders) of the Notes represented by the applicable Certificate appearing in the Register at: (a) with respect to a Global Certificate, the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (b) with respect to a Definitive Certificate, at the close of business at the Specified Office of the Registrar on the 15th day before the relevant due date (or, if such 15th day is not a day on which banks are open for business in the city where the Specified Office of the Registrar is located, then the first such day prior to such 15th day) (in each case, the "*Record Date*"). Notwithstanding the previous

sentence, if: (i) a holder does not have a Designated Account or (ii) the Prevailing Principal Amount of the Notes represented by the applicable Certificate is less than US$250,000, then payment may instead be made by a cheque in U.S. dollars drawn on a Designated Bank. For these purposes, "*Designated Account*" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "*Designated Bank*" means any bank or other financial institution that processes payments in U.S. dollars.

Except as set forth in the next and final sentences of this paragraph, payments of interest on a Note (whether represented by a Definitive Certificate or a Global Certificate) will be made by a cheque in U.S. dollars drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the Specified Office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Notes represented by the applicable Certificate appearing in the Register at the close of business on the relevant Record Date at the address of such holder shown in the Register on such Record Date and at such holder's risk. Upon application of such holder to the Specified Office of the Registrar not less than three business days in the city where the Specified Office of the Registrar is located before the due date for any payment of interest on a Note, such payment will be made by transfer on the due date in the manner provided in the preceding paragraph for the payment of principal on the applicable Note. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) on such Note that become payable to the holder thereof who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due on a Note on redemption will be made in the same manner as the final payment of the principal of such Note as described in the preceding paragraph.

Holders of Notes will not be entitled to any interest or other payment for any delay in receiving any amount due on any Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by any Agent in respect of any payments of principal or interest on the Notes.

None of the Issuer or any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in Notes represented by any Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.3 General Provisions Applicable to Payments

Except as provided in the Deed of Covenant, the registered holder of a Global Certificate shall be the only Person entitled to receive payments on the Notes represented by such Global Certificate and the Issuer will be discharged by payment to, or to the order of, such holder in respect of each amount so paid. Each of the Persons shown in the records of Euroclear or Clearstream, Luxembourg, as the case may be, as the holder of a particular principal amount of Notes represented by a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for such Person's share of each payment so made by (or on behalf of) the Issuer to, or to the order of, the registered holder of such Global Certificate. Except as provided in the Deed of Covenant, no Person other than the registered holder of a Global Certificate shall have any claim against the Issuer in respect of any payments due on such Global Certificate.

7.4 Payment Business Day

If the date for payment of any amount on any Note is not a Payment Business Day, then the holder thereof shall not be entitled to payment of the relevant amount due until the next Payment Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "*Payment Business Day*" means any day (other than a Saturday or Sunday) that is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Definitive Certificates only, the relevant place of presentation, and

(ii) İstanbul, Luxembourg City and New York City, and

(b) in the case of any payment on a Global Certificate, a day on which Euroclear and/or Clearstream, Luxembourg, as the case may be, settle(s) payments in U.S. dollars.

7.5 Interpretation of Principal and Interest

Any reference in these Conditions to principal or interest on a Note shall be deemed to include any Additional Amounts that may be payable with respect to such principal or interest under Condition 9.

8. REDEMPTION AND PURCHASE

8.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its then Prevailing Principal Amount on the Maturity Date.

8.2 Redemption for Taxation Reasons

Subject to Condition 8.9, if:

(a) as a result of any change in, or amendment to, the laws of a Relevant Jurisdiction (as defined in Condition 9.2), or any change in the application or official interpretation of the laws of a Relevant Jurisdiction, which change or amendment becomes effective after 15 January 2024 (the "*Agreement Date*"):

(i) on the next Interest Payment Date, the Issuer would be required to: (A) pay Additional Amounts as provided or referred to in Condition 9 and (B) make any withholding or deduction for, or on account of, any Taxes imposed, assessed or levied by (or on behalf of) a Relevant Jurisdiction, and

(ii) such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or

(b) the Issuer would no longer be entitled to claim a deduction in calculating its tax liability in a Relevant Jurisdiction in respect of the payment of interest on the Notes to be made on the next Interest Payment Date or the value of such deduction to the Issuer, as compared to what it would have been on the Agreement Date, has been or will be reduced,

(each a "*Tax Event*") then (subject to the following paragraphs of this Condition 8.2) the Issuer may, at its option, having given not less than 10 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), subject (if required by applicable law) to having obtained the prior approval of the BRSA, redeem all, but not some only, of the Notes on any Payment Business Day at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Fiscal Agent:

(i) a certificate signed by two authorised signatories of the Issuer stating that the requirements referred to in clauses (a) and/or (b), as the case may be, will apply on the next Interest Payment Date and, in the case of clause (a), cannot be avoided by the Issuer taking reasonable measures available to it,

(ii) if the BRSA's approval is required by applicable law, then a copy of the BRSA's written approval for such redemption of the Notes, and

(iii) an opinion of independent legal or tax advisors of recognised standing to the effect that (as a result of the change or amendment) the Issuer: (A) in the case of clause (a)(i), has or will become obliged to pay such additional amounts, or (B) in the case of clause (b), is or will no longer be entitled to claim such deduction or the value of such deduction has been or will be so reduced.

8.3 Redemption at the Option of the Issuer (Issuer Call)

Subject to Condition 8.9, the Issuer may, having given not less than 10 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), redeem all, but not some only, of the Notes, subject (if required by applicable law) to having obtained the prior approval of the BRSA, on the Issuer Call Date at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the Issuer Call Date.

8.4 Redemption upon a Capital Disqualification Event

If a Capital Disqualification Event occurs at any time after the Issue Date, then (subject to Condition 8.9) the Issuer may, having given not less than 10 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption, which date shall not be earlier than the date falling three months before the date on which the Notes (or the applicable portion thereof) cease to be eligible for inclusion as Tier 2 Capital of the Issuer), redeem all, but not some only, of the Notes on any Payment Business Day at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 8.4, the Issuer shall deliver to the Fiscal Agent: (a) a copy of the confirmation in writing by the BRSA required for the purpose of clause (b) of the definition of Capital Disqualification Event, if applicable, and (b) a certificate signed by two authorised signatories of the Issuer stating that such Capital Disqualification Event has occurred.

"*Capital Disqualification Event*" means if, as a result of either: (a) any change in applicable law (including the Equity Regulation) or (b) the application or official interpretation thereof, which change in application or official interpretation is confirmed in writing by the BRSA, all or any part of the aggregate Prevailing Principal Amount of the outstanding Notes is not (or will cease to be) eligible for inclusion as Tier 2 Capital of the Issuer.

8.5 Substitution or Variation instead of Redemption

Subject to Condition 8.9, if at any time a Tax Event or a Capital Disqualification Event has occurred that then allows the Issuer to redeem the Notes pursuant to Condition 8.2 or 8.4, as the case may be, then the Issuer may, instead of giving notice to redeem the Notes pursuant to Condition 8.2 or 8.4, as the case may be, but subject to compliance with Applicable Banking Regulations (including, if applicable, the prior approval of the BRSA) and having given not less than 10 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), at any time (without any requirement for the consent or approval of the Noteholders) either substitute all (but not some only) of the Notes for Qualifying Tier 2 Securities or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Tier 2 Securities.

For the purposes of this Condition 8.5, "*Qualifying Tier 2 Security*" means any security or other instrument issued directly or indirectly by the Issuer that:

(a) has terms not materially less favourable to the Noteholders (when considered generally and without consideration of the individual circumstances of any Noteholder), as reasonably determined by the Issuer following the advice of an independent financial institution of international standing, than the terms of the Notes immediately before such substitution or variation (with respect to a Capital Disqualification Event, without regard to the impact of such Capital Disqualification Event); *provided* that it shall: (i) have a ranking at least equal to that of the Notes (with respect to a Capital Disqualification Event, without regard to the impact of such Capital Disqualification Event), (ii) have the same (or higher) interest rate as the Notes, (iii) have the same Interest Payment Dates as those applying to the Notes, (iv) have: (A) no redemption rights in addition to those in the Notes and (B) a redemption provision that is substantially similar to Condition 8.3, (v) be eligible for inclusion as Tier 2 Capital of the Issuer and (vi) preserve any existing rights under the Notes to any accrued interest on the Notes that has not yet been paid, and

(b) to the extent the Notes are listed on a recognised stock exchange at the request of the Issuer, is listed on a recognised stock exchange.

8.6 Purchases by the Issuer and/or its Related Entities

Except to the extent permitted by applicable law, the Notes (and beneficial interests therein) shall not be purchased by, or otherwise assigned and/or transferred to, or for the benefit of: (a) any entity that is controlled by the Issuer or over which the Issuer has significant influence (as contemplated in the Banking Law and the Equity Regulation) (a "*Related Entity*") or (b) the Issuer. If so permitted by applicable law (including, if required by applicable law, subject to having obtained the prior approval of the BRSA), the Issuer and/or any Related Entity may at any time purchase, have assigned or otherwise transferred to it or otherwise acquire (or have a third party do so for its benefit) Notes (or beneficial interests therein) in any manner and at any price in the open market or otherwise, including (without limitation) in its capacity as a broker for a customer. Such Notes (or beneficial interests therein) may be held, resold or, at the option of the Issuer or (with the Issuer's consent) any such Related Entity (as the case may be) for those Notes (or beneficial interests therein) held by it, surrendered or notified to any Paying Agent and/or the Registrar for cancellation pursuant to Condition 8.7.

8.7 Cancellation

All Notes that are redeemed, all Global Certificates that are exchanged in full and all Definitive Certificates that have (or a portion of which has) been transferred, shall be cancelled by the Agent by which they are redeemed, exchanged or transferred. All Notes so cancelled cannot be reissued or resold and (if such cancellation is for the full amount thereof or is for the cancellation of less than all of the Notes represented by a Definitive Certificate) the applicable Certificate shall be forwarded to the Registrar for cancellation (if such cancellation is for less than all of the Notes represented by a Definitive Certificate, then a replacement Definitive Certificate for the remaining Prevailing Principal Amount shall be delivered to the applicable Noteholder).

In addition, the Issuer or any of its Related Entities may, as described in Condition 8.6: (a) surrender to any Paying Agent or the Registrar any Definitive Certificate some or all of the Notes represented by which are be cancelled or (b) notify the Fiscal Agent and the Registrar of any beneficial interests in a Global Certificate to be so cancelled, which Notes (or beneficial interests therein) shall, to the extent that the Issuer indicates in writing the same to the relevant Paying Agent (or, as applicable, the Registrar), be promptly cancelled by the Agent to which they are surrendered (or, as the case may be, the Agent(s) so notified). All Notes so cancelled cannot be reissued or resold and (if such cancellation is for the full amount thereof or is for the cancellation of less than all of the Notes represented by a Definitive Certificate) the applicable Certificate shall be forwarded to the Fiscal Agent or, as the case may be, the Registrar for cancellation (if such cancellation is for less than all of the Notes represented by a Definitive Certificate, then a replacement Definitive Certificate for the remaining Prevailing Principal Amount shall be delivered to the Issuer or applicable Related Entity, as applicable).

Each of the other Agents shall deliver all cancelled Definitive Certificates to the Fiscal Agent or as the Fiscal Agent may specify.

8.8 No other Redemption or Purchase

Neither the Issuer nor any Related Entity may redeem or purchase the Notes, as applicable, before the Maturity Date other than as provided in this Condition 8.

8.9 Revocation of Notice of Redemption, Substitution or Variation upon the Occurrence of a Non-Viability Event; No Redemption during Non-Viability Event

If the Issuer has given a notice of redemption of the Notes pursuant to Condition 8.2, 8.3 or 8.4 or a notice of substitution or variation pursuant to Condition 8.5 and, after giving such notice but prior to the date of such redemption, substitution or variation, a Non-Viability Event occurs, then the relevant notice of redemption, substitution or variation shall be automatically rescinded and shall be of no force and effect, the Prevailing Principal Amount of each Note will not be due and payable on the scheduled redemption date or substituted or varied, as applicable, and, instead, a Write-Down shall occur in respect of the Notes as described in Condition 6.

Following the occurrence of a Non-Viability Event, the Issuer shall not be entitled to give a notice of redemption of the Notes pursuant to Condition 8.2, 8.3 or 8.4 or a notice of substitution or variation pursuant to Condition 8.5 before the Write-Down has occurred.

9. TAXATION

9.1 Payment without Withholding

All payments of principal and interest on the Notes by (or on behalf of) the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges of whatever nature ("*Taxes*") imposed, assessed or levied by (or on behalf of) any Relevant Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts ("*Additional Amounts*") as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts that would have been receivable on the Notes in the absence of such withholding or deduction; *provided* that no Additional Amounts shall be payable in relation to any payment on any Note:

(a) presented for payment by (or on behalf of) a holder who is liable for Taxes in respect of such Note by reason of such holder having some connection with any Relevant Jurisdiction other than the mere holding of such Note or the receipt of payment in respect thereof,

(b) presented for payment in Türkiye, or

(c) presented for payment more than 30 days after the Relevant Date except to the extent that a holder of the relevant Note would have been entitled to Additional Amounts on presenting the same for payment on the last day of such 30 day period (assuming that day to have been a Payment Business Day).

Notwithstanding any other provision of these Conditions, in no event will the Issuer, any Paying Agent or any other Person be required to pay any Additional Amounts or other amounts on the Notes for, or on account of, any FATCA Withholding Tax.

9.2 Defined Terms

For the purposes of these Conditions:

"*Relevant Date*" means, with respect to any payment, the date on which such payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of such money having been so received, notice to that effect has been duly given to the holder of the applicable Note by the Issuer in accordance with Condition 14, and

"*Relevant Jurisdiction*" means: (a) Türkiye or any political subdivision or any authority thereof or therein having power to tax or (b) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

10. PRESCRIPTION

Notes will become void unless claims in respect of principal and/or interest with respect thereto are made within a period of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date therefor.

11. ENFORCEMENT EVENTS

If:

(a) default is made by the Issuer in the payment of any principal or interest due on the Notes or any of them and the default continues for a period of seven days in the case of principal or 14 days in the case of interest,

(b) a Subordination Event occurs, or

(c) any order is made by any competent court, or resolution is passed, for the winding up, dissolution or liquidation of the Issuer,

(each an "*Enforcement Event*"), then the holder of any Note may:

(i) in the case of clause (a), institute proceedings for the Issuer to be declared bankrupt or insolvent or for there otherwise to be a Subordination Event, or for the Issuer's winding-up, dissolution or liquidation, and prove in the winding-up, dissolution or liquidation of the Issuer, and/or

(ii) in the case of clause (b) or (c), claim or prove in the winding-up, dissolution or liquidation of the Issuer,

but (in either case) may take no further or other action (other than as otherwise provided in this Condition 11) to enforce, claim or prove for any payment by the Issuer on the Notes and may only claim such payment in the winding-up, dissolution or liquidation of the Issuer.

If any of the events or circumstances described in clause (b) or (c) occurs, then the holder of any outstanding Note may give notice to the Issuer that such Note is, and such Note shall accordingly forthwith become, immediately due and repayable at its then Prevailing Principal Amount, with all interest accrued and unpaid to (but excluding) the date of repayment, subject to the subordination provisions described under Condition 3.1.

The holder of any Note may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding upon the Issuer under the Notes (other than, without prejudice to the provisions above, any obligation for the payment of any principal or interest on the Notes); *provided* that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any amount(s) sooner than the same would otherwise have been payable by it, except with the prior approval of the BRSA.

No remedy against the Issuer other than as provided above in this Condition shall be available to the holders of Notes, including for the recovery of amounts owing on the Notes or otherwise in respect of any of the Enforcement Events or in respect of any breach by the Issuer of any of its covenants or other obligations under the Notes.

12. REPLACEMENT OF CERTIFICATES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to: (a) evidence of such loss, theft, mutilation, defacement or destruction and (b) indemnity, in each case as the Issuer and/or the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. AGENTS

The names of the initial Agents and their initial Specified Offices are set out in the Agency Agreement (each, a "*Specified Office*").

Subject to the terms of the Agency Agreement, the Issuer reserves the right at any time to vary or terminate the appointment of any Agent, appoint additional or other Agents and/or approve any change in the Specified Office through which any Agent acts; *provided* that:

(a) there will at all times be a Fiscal Agent and a Registrar,

(b) there will at all times be a Transfer Agent (which may be the Registrar),

(c) there will at all times be a Paying Agent in a jurisdiction other than the jurisdiction in which the Issuer is incorporated, and

(d) so long as any of the Notes was listed on a stock exchange by the Issuer and remains so listed, there will at all times be an Agent (which may be the Fiscal Agent) having a Specified Office in such place as may be required by the rules and regulations of such exchange or any other relevant authority.

Notice of any variation, termination, appointment or change in Agents and of any changes to the Specified Office of an Agent will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

Any such variation, termination, appointment or change shall only take effect (other than in the case of the bankruptcy, insolvency or similar event of the applicable Agent or a Paying Agent ceasing to be a FATCA-Compliant Entity or as otherwise prescribed by the Agency Agreement, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or other Person. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted, with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

For the purposes of this Condition, "*FATCA-Compliant Entity*" means a Person payments to whom are not subject to any FATCA Withholding Tax.

14. NOTICES

All notices to Noteholders regarding the Notes shall be in English and be deemed to be validly given if sent by messenger, courier, first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) of the Notes at their respective addresses recorded in the Register and shall be deemed to have been given on the date of delivery (if delivered by messenger or courier) or the fourth day after mailing (if sent by mail). In addition, for so long as any Note is (at the request of the Issuer) listed on a stock exchange or admitted to trading by another relevant authority and the rules of such stock exchange or relevant authority so require, such notice shall be published on the website of the relevant stock exchange and/or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Notwithstanding the foregoing paragraph, so long as any Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, there may be substituted for such publication in such newspaper(s) or such website(s) or such delivery or mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg, as applicable, for communication by them to the holders of interests in the Notes represented by such Global Certificate. Any such notice shall be deemed to have been given to the holders of interests in the Notes represented by such Global Certificate on the business day (being for this purpose a day on which Euroclear or Clearstream, Luxembourg, as the case may be, is open for business) after the day on which such notice was given to Euroclear and/or Clearstream, Luxembourg, as applicable.

In addition, for so long as any Note is (at the request of the Issuer) listed on a stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, the notice described in the preceding paragraph shall be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Notices to be given by any Noteholder shall be in writing in English and given by lodging the same with the Registrar. For so long as any of the Notes are represented by a Global Certificate, such notice may be given by any holder of an interest in such Global Certificate to the Fiscal Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Fiscal Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS

15.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders (including at a physical location or by means of an electronic platform (such as a conference call or videoconference) or a combination thereof) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of any modification of the Notes (including any of these Conditions) or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer at any time and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10% of the aggregate Prevailing Principal Amount of the Notes for the time being outstanding. A meeting that has been validly convened in accordance with the provisions of the Agency Agreement may be cancelled by the Person(s) who convened (or, if applicable, caused the Issuer to convene) such meeting by giving at least five days' notice (exclusive of the day on which the notice is given and the day on which the meeting is held) (which notice, in the case of a meeting convened by the Issuer, shall be given to the Noteholders in accordance with Condition 14 and to the Fiscal Agent); *provided* that if the Issuer had convened such meeting after having been required to do so by one or more Noteholder(s) pursuant to Clause 4(a) of Schedule 3 of the Agency Agreement, then the Issuer may not so cancel such meeting absent a request to do so from such Noteholder(s).

The quorum at any such meeting for passing an Extraordinary Resolution is one or more eligible Person(s) present and holding or representing in the aggregate at least a majority of the aggregate Prevailing Principal Amount of the Notes for the time being outstanding, or at any adjourned meeting one or more eligible Person(s) present being or representing Noteholders whatever the aggregate Prevailing Principal Amount of the Notes so held or represented; *provided* that, at any meeting the business of which includes the modification of certain provisions of the Notes (including these Conditions) (including modifying any date for redemption of the Notes (including on the Issuer Call Date and Maturity Date) or any date for the payment of interest thereon, reducing or cancelling the amount of principal or interest payable on the Notes, altering the currency of payment of any amount due on the Notes, modifying Condition 3 by way of any further subordination of the Notes or the imposition of further restrictions or limitations on the rights or claims of Noteholders, modifying the provisions of Condition 6, 8.5 or 18 or amending the Deed of Covenant in certain respects), the quorum shall be one or more eligible Person(s) present and holding or representing in the aggregate not less than two-thirds of the aggregate Prevailing Principal Amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more eligible Person(s) present and holding or representing in the aggregate not less than one-third of the aggregate Prevailing Principal Amount of the Notes for the time being outstanding. An Extraordinary Resolution duly passed by the Noteholders shall be binding upon all the Noteholders whether or not they are present or represented at any meeting and whether or not they vote on the resolution.

The Agency Agreement provides that (*inter alia*): (a) a resolution in writing signed by or on behalf of the Noteholders of not less than three-fourths of the aggregate Prevailing Principal Amount of the Notes for the time being outstanding, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders, or (b) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the Noteholders of not less than three-fourths of the aggregate Prevailing Principal Amount of the Notes for the time being outstanding will, in each case, constitute an Extraordinary Resolution.

15.2 Modification without Noteholder Consent

The Issuer may, without the consent of the Noteholders, effect any modification (except such modifications in respect of which an increased quorum is required as mentioned in Condition 15.1) of any of the Notes (including these Conditions), the Deed of Covenant or the Agency Agreement that is, in the opinion of the Issuer, either: (a) for the purpose of curing any ambiguity or of curing or correcting any manifest or proven error or any other defective provision contained herein or therein or (b) following the advice of an independent financial institution of international standing, not materially prejudicial to the interests of the Noteholders. Any such modification shall be binding upon the Noteholders and shall be notified by the Issuer to the Noteholders as soon as reasonably practicable thereafter in accordance with Condition 14. Reference is also hereby made to Condition 8.5.

16. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having terms and conditions the same as those of the Notes, or the same in all respects except for the amount and/or date of the first payment of interest thereon, the issue date and/or the date from which interest starts to accrue, so that the same shall be consolidated and form a single series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No Person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any Person that exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing Law

These Conditions, and any non-contractual obligations arising out of or in connection herewith, are and shall be (and the Certificates state that they, and any non-contractual obligations arising out of or in connection therewith, are and shall be) governed by, and construed in accordance with, English law, except for the provisions of Condition 3 (including as referred to in Condition 6), which are and shall be governed by, and construed in accordance with, Turkish law.

18.2 Submission to Jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders, that the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) have exclusive jurisdiction to settle any disputes that arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and accordingly submits to the exclusive jurisdiction of such courts with respect thereto.

In connection with any suit, action or other proceeding arising out of or in connection with the Notes (including any such suit, action or other proceeding relating to any non-contractual obligations arising out of or in connection with the Notes) (together referred to as "*Proceedings*"), the Issuer waives any objection to the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) on the grounds that it is an inconvenient or inappropriate forum.

To the extent allowed by law, the Noteholders may initiate any Proceedings against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

18.3 Consent to Enforcement

The Issuer agrees, without prejudice to the enforcement of a judgment obtained in the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) according to the provisions of Article 54 of the International Private and Procedure Law of Türkiye (Law No. 5718), that in the event that any action is brought in relation to the Issuer in a court in Türkiye in connection with the Notes, in addition to other permissible legal evidence pursuant to the Civil Procedure Code of Türkiye (Law No. 6100), any judgment obtained in such courts in connection with such action shall constitute conclusive evidence of the existence and amount of the claim against the Issuer pursuant to the provisions of the first paragraph of Article 193 of the Civil Procedure Code of Türkiye (Law No. 6100) and Articles 58 and 59 of the International Private and Procedure Law of Türkiye (Law No. 5718).

18.4 Service of Process

In connection with any Proceedings in England, service of process may be made upon the Issuer at the offices of Law Debenture Corporate Services Limited (with an address on the Issue Date of 8th Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom) as its agent for service of process and agrees that, in the event of such process agent (or its successor) being unwilling or unable for any reason to act in such capacity, the Issuer shall promptly appoint another Person as its agent for that purpose. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. This Condition does not affect the right to serve process in any other manner allowed by law.

18.5 Other Documents

The Issuer has, in the Agency Agreement and the Deed of Covenant, submitted to the jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) and agreed to service of process in terms substantially similar to those set out above in this Condition 18.

BOOK-ENTRY CLEARING SYSTEMS AND SUMMARY OF CERTAIN PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Bank's management believes to be reliable, but neither the Bank nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.

None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

Clearstream, Luxembourg

Clearstream, Luxembourg is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of a number of currencies, including U.S. dollars and Turkish Lira. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in several countries through established depository and custodial relationships.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the *Commission de Surveillance du Secteur Financier* and the *Banque Centrale du Luxembourg*, which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg's customers are recognised financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with a direct participant in Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

The ability of an owner of a beneficial interest in a Note held through Clearstream, Luxembourg to pledge such interest to Persons that do not participate in the Clearstream, Luxembourg system, or otherwise take action in respect of such interest, might be limited by the lack of a definitive certificate for such interest because Clearstream, Luxembourg can act only on behalf of Clearstream, Luxembourg's customers, who in turn act on behalf of their own customers. The applicable laws of some jurisdictions might require that certain Persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in the Notes to such Persons might be limited. In addition, beneficial owners of Notes held through the Clearstream, Luxembourg system will receive payments of principal, interest and any other amounts on the Notes only through Clearstream, Luxembourg participants.

Euroclear

Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its direct participants. Euroclear provides various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear also deals with domestic securities markets in several countries through established depository and custodial relationships. Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear is available to other institutions that clear through or maintain a custodial relationship with participants in Euroclear.

The ability of an owner of a beneficial interest in a Note held through Euroclear to pledge such interest to Persons that do not participate in the Euroclear system, or otherwise take action in respect of such interest, might be limited by the lack of

a definitive certificate for such interest because Euroclear can act only on behalf of Euroclear's customers, who in turn act on behalf of their own customers. The applicable laws of some jurisdictions might require that certain Persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in the Notes to such Persons might be limited. In addition, beneficial owners of Notes held through the Euroclear system will receive payments of principal, interest and any other amounts on the Notes only through Euroclear participants.

Book-entry Ownership

The Issuer has applied to each of Euroclear and Clearstream, Luxembourg to have Global Certificate(s) accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, Euroclear and/or Clearstream, Luxembourg, as applicable, will credit, on its internal book-entry system, the respective nominal amounts of the interests represented by such Global Certificate to the accounts of Persons who have accounts with Euroclear and/or Clearstream, Luxembourg, as applicable. Such accounts initially will be designated by (or on behalf of) the Joint Bookrunners. Interests in such a Global Certificate through Euroclear and/or Clearstream, Luxembourg, as applicable, will be limited to participants of Euroclear and/or Clearstream, Luxembourg, as applicable. Interests in such a Global Certificate will be shown on, and the transfer of such interests will be effected only through, records maintained by Euroclear and/or Clearstream, Luxembourg or their/its nominee or depositary (with respect to the interests of direct Euroclear and/or Clearstream, Luxembourg participants) and the records of direct or indirect Euroclear and/or Clearstream, Luxembourg participants (with respect to interests of indirect Euroclear and/or Clearstream, Luxembourg participants).

Transfers of Notes Represented by Global Certificates

Transfers of any interests in Notes represented by a Global Certificate within Euroclear or Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System.

On or after the Issue Date, transfers of Notes between participants in Clearstream, Luxembourg and Euroclear will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Each Clearing System has published rules and operating procedures designed to facilitate transfers of beneficial interests in global securities among participants of the Clearing Systems; *however*, they are under no obligation to perform or continue to perform such procedures, and such procedures might be discontinued or changed at any time. None of the Issuer, the Agents or any Arranger or Dealer will be responsible for any performance by the Clearing Systems or their respective direct or indirect participants of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Summary of Certain Provisions Relating to the Notes in Global Form

A Global Certificate will contain the following provisions that apply to the Notes in respect of which they are issued for so long as they are evidenced by such Global Certificate, some of which modify the Conditions.

Cancellation. Cancellation of any Note following its redemption or purchase by the Issuer or any of its Related Entities will be effected by reduction in the Prevailing Principal Amount of the Notes in the Register.

Payments. The registered holder of a Global Certificate will be the only Person entitled to receive payments on the Notes represented by such Global Certificate and the Issuer will be discharged by payment to, or to the order of, such holder in respect of each amount so paid. Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will, once paid as aforesaid, be credited to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Upon any payment of any amount payable under the Conditions to such registered holder, the amount so paid shall be entered by the Registrar on the Register, which entry shall constitute *prima facie* evidence that the payment has been made.

Exchange. The Global Certificate will be exchangeable (free of charge to the holder) in whole but not in part for Definitive Certificates only upon the occurrence of an Exchange Event. For these purposes, "*Exchange Event*" means that: (a) an Enforcement Event has occurred and is continuing, (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of at least 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (c) the Issuer has or will become subject to adverse tax consequences that would not be suffered were the Notes represented by the applicable Global Certificate in definitive form and, accordingly, the Issuer has elected to request the exchange of such Global Certificate.

The Issuer will promptly give notice to the Noteholders in accordance with Condition 14 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event described in clause (a) or (b) of the definition thereof in the preceding paragraph, the applicable Clearing System(s) (or any Person acting on their respective behalf), acting on the instructions of any holder of an interest in the applicable Global Certificate, may give notice to the Registrar requesting such an exchange. In the event of the occurrence of an Exchange Event described in clause (c) of such definition, the Issuer may give notice to the Registrar requesting such an exchange. Any such exchange will occur no later than 10 days after the date of receipt of the first relevant such notice by the Registrar; *provided* that no such exchange will occur in the period from and including any Record Date that would have been applicable to Definitive Certificates had they been issued and delivered before the receipt of the relevant notice by the Registrar and the corresponding Record Date in the case of the Global Certificate(s) to be exchanged and if, as a result of the foregoing proviso, such exchange is required to be effected more than 10 days after the date of receipt of such notice, then such exchange will be effected on the business day (being for this purpose a day on which commercial banks are open for business in the city where the Specified Office of the Registrar is located) following the applicable Record Date in respect of the Global Certificate(s).

Exchanges will be made upon presentation of the applicable Global Certificate at the office of the Registrar by or on behalf of the registered holder on any day on which banks are open for general business in the location of the Registrar's Specified Office. The aggregate Prevailing Principal Amount of Definitive Certificates issued upon an exchange of a Global Certificate will be equal to the Prevailing Principal Amount of such Global Certificate.

In the event that: (a) a Global Certificate (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date has occurred and, in either case, payment in full of the amount due has not been made to the registered holder or (b) following the occurrence of an Exchange Event, a Global Certificate is not duly exchanged for Definitive Certificates by the day provided in such Global Certificate, then from 8:00 p.m. (London time) on such day each Relevant Accountholder (as defined in the Deed of Covenant) will become entitled to proceed directly against the Issuer on, and subject to, the terms of the Deed of Covenant and the registered holder will have no further rights under such Global Certificate (but without prejudice to the rights any Person may have under the Deed of Covenant).

TAXATION

This is a general summary of certain Turkish tax laws and other tax considerations in connection with an investment in the Notes. This summary does not address all aspects of Turkish tax law and considerations or the laws of other jurisdictions (including the UK, the United States or any state or local tax law, including any jurisdiction in which an investor in the Notes is subject to taxes). While this summary is considered to be a correct interpretation of existing laws in force on the date of this Prospectus, there can be no assurance that those laws or the interpretation of those laws will not change. This summary does not discuss all of the tax consequences that might be relevant to an investor in light of such investor's particular circumstances or to investors subject to special rules, such as regulated investment companies, certain financial institutions or insurance companies. In addition, each investor should note that the tax laws of such investor's jurisdiction might have an impact on the income received from the Notes.

Prospective investors in the Notes are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership or disposition of the Notes (or the purchase, ownership or disposition by an owner of beneficial interests therein) as well as any tax consequences that might arise under the laws of any state, municipality or other taxing jurisdiction (including of their respective citizenship, residence or domicile), including (but not limited to) the consequences of receipt of payments on the Notes and the disposal of investments in the Notes.

Certain Turkish Tax Considerations

The following discussion is a summary of certain Turkish tax considerations relating to an investment in the Notes by a Person who is a non-resident of Türkiye. References to "resident" in this section refer to tax residents of Türkiye and references to "non-resident" in this section refer to Persons who are not tax resident in Türkiye.

The discussion is based upon current law and is for general information only. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership or disposition of the Notes that may be relevant to a decision to make an investment in the Notes. Furthermore, the discussion only relates to the investment by a Person in the Notes where the Notes will not be held in connection with the conduct of a trade or business through a permanent establishment in Türkiye. Each investor should consult its own tax advisors concerning the tax considerations applicable to its particular situation. This discussion is based upon laws and relevant interpretations thereof in effect as of the date of this Prospectus, all of which are subject to change, possibly with a retroactive effect. In addition, it does not describe any tax consequences: (a) arising under the laws of any taxing jurisdiction other than Türkiye or (b) applicable to a resident of Türkiye or a permanent establishment in Türkiye resulting either from the existence of a fixed place of business or appointment of a permanent representative.

For Turkish tax purposes, a legal entity is a resident of Türkiye if its corporate domicile is in Türkiye or its effective place of management is in Türkiye. A resident legal entity is subject to Turkish taxes on its worldwide income, whereas a non-resident legal entity is only liable for Turkish taxes on its trading income made through a permanent establishment or on income otherwise sourced in Türkiye.

An individual is a resident of Türkiye if such individual has established domicile in Türkiye or stays in Türkiye more than six months in a calendar year. On the other hand, foreign individuals who stay in Türkiye for six months or more for a specific job or business or particular purposes that are specified in the Turkish Income Tax Law might not be treated as a resident of Türkiye depending upon the characteristics of their stay. A resident individual is liable for Turkish taxes on his or her worldwide income, whereas a non-resident individual is only liable for Turkish taxes on income sourced in Türkiye.

Income from capital investment is sourced in Türkiye when the principal is invested in Türkiye. Capital gain derived from trading income is considered sourced in Türkiye when the activity or transaction generating such income is performed or accounted for in Türkiye. The term "accounted for" means that a payment is made in Türkiye, or if the payment is made abroad, it is recorded in the books in Türkiye or apportioned from the profits of the payer or the Person on whose behalf the payment is made in Türkiye.

Any withholding tax levied on income derived by a non-resident is the final tax for such non-resident and no further declaration is required. Any other income of a non-resident sourced in Türkiye that has not been subject to withholding tax will be subject to taxation through declaration where treaty relief and exemptions are reserved.

Interest paid on debt instruments (such as the Notes) issued abroad by a resident corporation is subject to withholding tax as regulated through the Tax Decrees. The withholding tax rates are set according to the original maturity of notes issued abroad by resident corporations as follows:

(a) 7% withholding tax for debt instruments with an original maturity of less than one year,

(b) 3% withholding tax for debt instruments with an original maturity of at least one year and less than three years, and

(c) 0% withholding tax for debt instruments with an original maturity of three years or more.

Interest income derived by a resident corporation or resident individual is subject to further declaration and the withholding tax paid can be credited against the income tax calculated on the tax return. For resident individuals, the entire amount is required to be declared as taxable income if the interest income derived exceeds TL 230,000 (for the income derived in 2024) together with the income from other marketable securities, rental income from immovable property and salaries (except for salaries referred to under Article 86/1 of the Turkish Income Tax Law); *provided* that they were all subjected to income taxation through withholding. For resident corporations, interest income at any amount is subject to declaration.

In general, capital gains are not taxed through withholding tax and therefore any capital gain sourced in Türkiye with respect to the Notes may be subject to declaration; however, pursuant to Provisional Article 67 (which is effective until 31 December 2025) of the Turkish Income Tax Law, as amended by laws numbered 6111, 6555, 7256 and 7491, special or separate tax returns will not be submitted for capital gains from the notes of a resident corporation issued abroad when the income is derived by a non-resident. Therefore, no tax is levied on non-residents in respect of capital gains from the Notes and no declaration is required.

A non-resident holder will not be liable for Turkish estate, inheritance or similar tax with respect to its investment in the Notes, nor will it be liable for any Turkish stamp issue, registration or similar tax or duty relating thereto.

Capital gains realised by a resident corporation or individual on the sale or redemption of the Notes (or beneficial interests therein) are subject to income tax or corporate (income) tax declaration. The corporate income tax rate in Türkiye for 2024 is: (a) 30% for banks, financial leasing, factoring and financing companies, e-money and payment services institutions, authorised foreign exchange currency-related entities, asset management companies (*varlık yönetim şirketleri*), securities intermediaries and other capital markets institutions, insurance and reinsurance companies and pension companies and (b) 25% for other corporate entities (the rate for individuals' income tax ranges from 15% to 40% at progressive rates). Capital gains are, in principle, calculated in local currency terms and resident individuals' acquisition costs can be increased at the Producer Price Index's rate of increase for each month except for the month of discharge, so long as such index increased by at least 10%.

Due to the February 2023 earthquakes in Kahramanmaraş, a one-time additional tax was (pursuant to amendments made by Law No. 7440 on the "Restructuring of Certain Receivables and Amending Some Laws" published in the Official Gazette on 12 March 2023) announced to be charged for fiscal years ending in 2022 to corporate taxpayers (other than the ones located in the provinces and districts affected by such earthquakes) that benefit from certain exemptions and deductions in the calculation of their corporate income tax. This additional tax amount varies from 5% to 10% depending upon the condition of the relevant taxpayer.

Reduced Withholding Tax Rates

Under current laws in Türkiye, interest payments on notes issued abroad by a resident corporation will be subject to a withholding tax at a rate between 7% and 0% (inclusive) in Türkiye, as detailed above.

If a double taxation treaty is in effect between Türkiye and the country of which the holder of the notes is an income tax resident (in some cases, for example, pursuant to the treaties with the UK and the United States, the term "beneficial owner" is used) that provides for the application of a lower withholding tax rate than the local rate to be applied by the issuer corporation, then the lower rate may be applicable. For the application of withholding at a reduced rate that benefits from the provisions of a double tax treaty concluded between Türkiye and the country in which the investor is an income tax resident,

an original copy of the certificate of residence signed by the competent authority is required, with a translated copy certified by a notary or the Turkish embassy in the relevant country, to verify that the investor is subject to taxation over its worldwide gains in the relevant country on the basis of resident taxpayer status, as a resident of such country to the related tax office directly or through the banks and intermediary institutions prior to the application of withholding. In the event the certificate of residence is not delivered prior to the application of withholding tax, then upon the subsequent delivery of the certificate of residence, a refund of the excess tax shall be granted pursuant to the provisions of the relevant double taxation treaty and the Turkish tax legislation.

Value Added Tax

Bond issuances and interest payments on bonds are exempt from Türkiye's value added tax pursuant to Article 17/4(g) of the Value Added Tax Law (Law No. 3065), as amended pursuant to the Turkish Tax Bill Regarding Improvement of the Investment Environment (Law No. 6728) published in the Official Gazette dated 9 August 2016 and numbered 29796.

FATCA

Pursuant to FATCA, a "foreign financial institution" (as defined in FATCA) (a "*Foreign Financial Institution*") may be required to withhold on certain payments it makes ("*Foreign Passthru Payments*") to payees who fail to meet certain certification, reporting or related requirements. The Issuer is a Foreign Financial Institution for these purposes. A number of jurisdictions (including Türkiye) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("*IGAs*"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as in effect as of the date of this Prospectus, a Foreign Financial Institution in an IGA jurisdiction would generally not be required to withhold under FATCA or such IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining Foreign Passthru Payments are published in the U.S. Federal Register, and Notes characterised as debt (or that are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining Foreign Passthru Payments are published in the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date; *however*, if additional Notes (see Condition 17) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents might treat all Notes, including Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules might apply to their investment in the Notes. If any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, then, in accordance with Condition 9.1, in no event will the Issuer, any Paying Agent or any other Person be required to pay any Additional Amounts or other amounts on the Notes for, or on account of, any FATCA Withholding Tax.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the "*Commission's Proposal*") for a Directive for a common financial transaction tax ("*FTT*") that might apply in certain Member States of the EU (the "*Participating Member States*"); *however*, Estonia has since stated that it will not participate. The Commission's Proposal has very broad scope and might, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to Persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution and at least one party is established in a Participating Member State. A financial institution might be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including: (a) by transacting with a Person established in a Participating Member State or (b) where the financial instrument that is subject to the dealings is issued in a Participating Member State; *however*, the FTT proposal remains subject to negotiation among the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear as of the date of this Prospectus. Participating Member States might decide to withdraw and additional Member States of the EU might decide to participate. Separately, certain members of the EU (including France, Italy and Spain) have introduced their own financial

transaction taxes. Prospective investors in the Notes are advised to seek their own professional advice in relation to the FTT, other potentially applicable financial transaction taxes and their potential impact on the Notes.

SUBSCRIPTION AND SALE

Subject to the terms and conditions stated in a subscription agreement in respect of the Notes entered into on 15 January 2024 among the Joint Bookrunners and the Bank (the "*Subscription Agreement*"), the Bank has agreed to issue and sell to the Joint Bookrunners the Notes and the Joint Bookrunners have jointly and severally agreed to subscribe for the Notes; *however*, the Subscription Agreement provides that the obligation of the Joint Bookrunners to pay for and accept delivery of the Notes is subject to the approval of legal matters by counsel and to other conditions.

Pursuant to the Subscription Agreement, the Joint Bookrunners will be paid certain commissions in respect of their services for managing the issue and sale of the Notes. The Joint Bookrunners will also be reimbursed in respect of certain of their expenses and the Issuer has agreed to indemnify the Joint Bookrunners against certain liabilities incurred in connection with the issue, offer and sale of the Notes.

One or more Joint Bookrunner(s) might engage in transactions that stabilise, maintain or otherwise affect the market price of the Notes (or beneficial interests therein) during and after the offering of the Notes. Specifically, such Person(s) might overallot or create a short position in the Notes (or beneficial interests therein) for their own account by selling more Notes (or beneficial interests therein) than have been sold to them by the Issuer. Such Person(s) might also elect to cover any such short position by purchasing Notes (or beneficial interests therein) in the open market. In addition, such Person(s) might stabilise or maintain the market price of an investment in the Notes by bidding for or purchasing Notes (or beneficial interests therein) in the open market and might impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes (or beneficial interests therein) previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions might be to stabilise or maintain the market price of an investment in the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid might also affect the market price of an investment in the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under English law, stabilisation activities may only be carried on by the Stabilisation Manager(s) (or Persons acting on behalf of any Stabilisation Manager(s)) and only for a limited period following the Issue Date.

BNP Paribas, one of the Joint Bookrunners, is the parent of the Bank as described in "Share Capital and Ownership." All of the Joint Bookrunners and their respective affiliates are full service financial institutions engaged in various activities, which might include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Bookrunners and/or certain of their respective affiliates might have performed investment banking and advisory services for the Issuer and/or the Issuer's affiliates from time to time for which they might have received fees, expenses, reimbursements and/or other compensation. The Joint Bookrunners and/or certain of their respective affiliates might, from time to time, engage in transactions with, and perform advisory and other services for, the Issuer and/or the Issuer's affiliates in the ordinary course of their business. Certain of the Joint Bookrunners and/or their respective affiliates have acted and expect in the future to act as a lender to the Issuer and/or other members of the Group and/or otherwise participate in transactions with the Group.

In addition, in the ordinary course of their business activities, the Joint Bookrunners and their respective affiliates might make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and might at any time hold long and short positions in such securities and instruments. Such investments and securities activities might involve securities and/or instruments of the Issuer and/or its affiliates. In addition, certain of the Joint Bookrunners and/or their respective affiliates that have a credit relationship with the Issuer and/or any of the Issuer's affiliates might from time to time hedge their credit exposure to the Issuer and/or any of its affiliates pursuant to their customary risk management policies. These hedging activities might have an adverse effect on the trading price of an investment in the Notes.

The Joint Bookrunners and their respective affiliates might also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and might hold, or recommend to clients that they acquire, long and/or short positions in such securities and/or instruments.

Selling Restrictions

Türkiye

The Issuer has obtained the CMB Approval from the CMB and the BRSA Approval from the BRSA required for the issuance of the Notes. Pursuant to the Issuance Approvals, the offer, sale and issue of the Notes have been authorised and approved in accordance with Decree 32, the Banking Law, the Capital Markets Law or their respective related laws and the Debt Instruments Communiqué. In addition, the Notes (or beneficial interests therein) may only be offered or sold outside of Türkiye in accordance with the Issuance Approvals.

Notwithstanding the foregoing, pursuant to the BRSA decision dated 6 May 2010 No. 3665, the BRSA decision dated 30 September 2010 No. 3875 and in accordance with Decree 32, residents of Türkiye may acquire Notes (or beneficial interests therein) so long as they comply with the Turkish Purchase Requirements.

Monies paid for investments in the Notes are not protected by the insurance coverage provided by the SDIF.

United States

The Notes have not been and will not be registered under the Securities Act, any other federal securities law or the securities laws of any State or other jurisdiction of the United States and the Notes (and beneficial interests therein) may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and in accordance with all applicable local, state or federal laws. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Bookrunner has represented and agreed that it will not offer, sell or deliver the Notes (or beneficial interests therein): (a) as part of their distribution at any time or (b) otherwise until the expiration of a 40 day period after the later of the commencement of the offering to Persons other than distributors and the Issue Date (the "*Distribution Compliance Period*") other than in an offshore transaction to, or for the account or benefit of, Persons who are not U.S. persons. Each Joint Bookrunner has further agreed that it will send to each distributor, dealer or other Person to whom it sells any Notes (or beneficial interests therein) during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes other than in offshore transactions to, or for the account or benefit of, Persons who are not U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

Until the expiration of the Distribution Compliance Period, an offer or sale of the Notes (or beneficial interests therein) other than in an offshore transaction to a Person who is not a U.S. person by any distributor (whether or not participating in the offering) might violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restriction under the Prospectus Regulation and, where applicable, Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available (and will not offer, sell or otherwise make available) any of the Notes (or beneficial interests therein) to any EEA Retail Investor in the EEA.

United Kingdom

Prohibition of Sales to UK Retail Investors. Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available (and will not offer, sell or otherwise make available) any of the Notes (or beneficial interests therein) to any UK Retail Investor in the UK.

Other United Kingdom Regulatory Restrictions. Each Joint Bookrunner has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the

FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer, and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Belgium

Each Joint Bookrunner has represented and agreed that an offering by such Joint Bookrunner of the Notes (or beneficial interests therein) may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended (a "*Belgian Consumer*"), and that: (a) it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes (or beneficial interests therein) to any Belgian Consumer and (b) it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Hong Kong

Each of The Joint Bookrunners has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, the Notes (or beneficial interests therein) other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "*SFO*") and any rules made under the SFO or (ii) in other circumstances that do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "*C(WUMP)O*") or that do not constitute an offer to the public within the meaning of the C(WUMP)O, and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes (or beneficial interests therein) that are or are intended to be disposed of only to Persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Bookrunner has acknowledged that this Prospectus has not been and will not be registered as a prospectus with the MAS. Accordingly, each Joint Bookrunner has represented and agreed that it has not offered or sold any Notes (or beneficial interests therein) or caused the Notes (or beneficial interests therein) to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes (or beneficial interests therein) or cause the Notes (or beneficial interest therein) to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes (or beneficial interests therein), whether directly or indirectly, to any Person in Singapore other than: (a) to an institutional investor (for the purposes of this section, as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (b) to an accredited investor (for the purposes of this section, as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Switzerland

Each Joint Bookrunner has acknowledged that, in Switzerland, this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes (or beneficial interests therein). Accordingly, each Joint Bookrunner has represented and agreed that the Notes (and beneficial interests therein) have not been and will not be publicly offered, sold or advertised, directly or indirectly, by such Joint Bookrunner in, into or from Switzerland within the meaning of the Swiss Financial Services Act, as amended (the "*FinSA*") and no application has been or will be made to admit the Notes (or beneficial interests therein) to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA or

has been or will be filed with or approved by a Swiss review body pursuant to Article 52 of the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering of the Notes has been or will be filed by the Issuer or any Joint Bookrunner with or approved by any Swiss regulatory authority to admit the Notes to trading on the SIX Swiss Exchange or any other trading venue (exchange or multilateral trading facility) in Switzerland.

General

Each Joint Bookrunner has represented and agreed that it will (to the best of its knowledge and belief) comply with all laws in force related to securities in any jurisdiction in which it purchases, offers, sells or delivers Notes (or beneficial interests therein) or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes (or beneficial interests therein) under the laws in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Joint Bookrunners shall have any responsibility therefor.

None of the Issuer and the Joint Bookrunners represents that Notes (or beneficial interests therein) may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

ENFORCEMENT OF JUDGMENTS AND SERVICE OF PROCESS

The Bank is a joint stock company organised under the Turkish Commercial Code (No. 6102). Substantially all of the assets of the Bank are located in Türkiye. Certain of the directors and officers of the Bank named herein reside inside Türkiye and all or a significant portion of the assets of such persons might be, and substantially all of the assets of the Bank are, located in Türkiye. As a result, it might not be possible for investors to effect service of process upon such persons or the Bank outside Türkiye or to enforce against them in the courts of jurisdictions other than Türkiye any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions. In order to enforce such judgments in Türkiye, investors should initiate enforcement proceedings before the competent Turkish courts. In accordance with Articles 50 to 59 of Türkiye's International Private and Procedure Law (Law No. 5718), the courts of Türkiye will not enforce any judgment obtained in a court established in a country other than Türkiye unless:

(a) there is in effect a treaty between such country and Türkiye providing for reciprocal enforcement of court judgments,

(b) there is *de facto* enforcement in such country of judgments rendered by Turkish courts, or

(c) there is a provision in the laws of such country that provides for the enforcement of judgments of Turkish courts.

There is no treaty between Türkiye and the UK providing for reciprocal enforcement of judgments. Turkish courts have rendered at least one judgment confirming *de facto* reciprocity between Türkiye and the UK; *however*, since *de facto* reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the UK by Turkish courts. Moreover, there is uncertainty as to the ability of an investor to bring an original action in Türkiye based upon any non-Turkish securities laws.

In addition, the courts of Türkiye will not enforce any judgment obtained in a court established in a country other than Türkiye if:

(a) the defendant was not duly summoned or represented or the defendant's fundamental procedural rights were not observed,

(b) the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the courts of Türkiye,

(c) the judgment is incompatible with a judgment of a court in Türkiye between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Türkiye,

(d) the judgment is not of a civil nature,

(e) the judgment is clearly against public policy rules of Türkiye,

(f) the judgment is not final and binding with no further recourse for appeal or similar revision process under the laws of the country where the judgment has been rendered, or

(g) the judgment was rendered by a foreign court that has deemed itself competent even though it has no actual relationship with the parties or the subject matter at hand.

In accordance with Article 48 of Türkiye's International Private and Procedure Law (Law No. 5718), in any lawsuit, debt collection proceeding or action against the Bank in the Turkish courts, a foreign plaintiff might be required to deposit security for court costs (*cautio judicatum solvi*); *provided* that the court may in its discretion waive such requirement for security in the event that the plaintiff is considered to be: (a) a national of one of the contracting states of the Convention Relating to Civil Procedures signed at The Hague on 1 March 1954 (ratified by Türkiye by Law No. 1574), except for legal entities incorporated under the laws of such contracting states, or (b) a national of a state that has signed a bilateral treaty with Türkiye

that is duly ratified and contains (*inter alia*) a waiver of the *cautio judicatum solvi* requirement on a reciprocal basis. If Turkish nationals do not deposit such a security in the country of the foreign plaintiff, then the relevant Turkish court may waive such requirement for security relying upon the *de facto* reciprocity. If the foreign plaintiff deposits such security and the proceeding ends in favour of such plaintiff, then such security will be returned to such plaintiff.

Furthermore, any claim against the Bank that is denominated in a currency other than Turkish Lira would, in the event of the bankruptcy of the Bank, only be payable in Turkish Lira. The relevant exchange rate for determining the Turkish Lira-equivalent amount of any such claim would be the Central Bank's exchange rate for the purchase of the relevant currency that is effective on the date the relevant court decides on bankruptcy of the Bank in accordance with the laws of Türkiye.

In connection with any Proceedings in England, service of process may be made upon the Bank at the offices of Law Debenture Corporate Services Limited (as of the date of this Prospectus, with an address on the date of this Prospectus at 8th Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom). This does not affect any other method of service allowed by law.

DOCUMENTS INCORPORATED BY REFERENCE

The BRSA Annual Financial Statements and the BRSA Interim Financial Statements, which have been filed with the Central Bank of Ireland and Euronext Dublin, shall be incorporated into, and form part of, this Prospectus.

Following the publication of this Prospectus, a supplement to this Prospectus might be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Articlce 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document (or portions thereof) incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document (or portions thereof) that is incorporated by reference into this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. This Prospectus is valid until the Notes are admitted to the Official List and to trading on the Regulated Market. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy that may affect the assessment of the Notes does not apply when this Prospectus is no longer valid.

The BRSA Financial Statements incorporated by reference into this Prospectus, all of which are in English, were prepared as convenience translations of the corresponding Turkish language BRSA Financial Statements (which translations the Bank confirms are direct and accurate). The English language BRSA Financial Statements incorporated by reference herein were not prepared for the purpose of their incorporation by reference into this Prospectus.

Copies of the BRSA Financial Statements incorporated by reference into this Prospectus can be obtained without charge from the registered office of the Bank and on the Bank's website as follows:

(a) with respect to the Bank's BRSA Interim Financial Statements, https://www.teb.com.tr/UPLOAD/PDF/2023/ENG_TEBNK_Solo_30.09.2023.pdf,

(b) with respect to the Group's BRSA Interim Financial statements, https://www.teb.com.tr/UPLOAD/PDF/2023/ENG_TEBNK_Konsolide_30.09.2023.pdf,

(c) with respect to the Bank's BRSA Annual Financial Statements as of and for the year ended 31 December 2022, https://www.teb.com.tr/UPLOAD/PDF/2022/bagimsiz-denetim/ENG%20TEBNK_Solo_31.12.2022.pdf,

(d) with respect to the Group's BRSA Annual Financial Statements as of and for the year ended 31 December 2022, https://www.teb.com.tr/UPLOAD/PDF/2022/bagimsiz-denetim/ENG_TEBNK_Konsolide_31.12.2022.pdf,

(e) with respect to the Bank's BRSA Annual Financial Statements as of and for the year ended 31 December 2021, https://www.teb.com.tr/UPLOAD/PDF/2021/ENG_TEBNK_Solo_31.12.2021_Final.pdf, and

(f) with respect to the Group's BRSA Annual Financial Statements as of and for the year ended 31 December 2021, https://www.teb.com.tr/UPLOAD/PDF/2021/ENG_TEBNK_Konsolide_31.12.2021_Final.pdf.

Any statement contained in a document (or a portion thereof) that is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein or in any other document (or, as applicable, relevant portion thereof) incorporated by reference herein, or in any supplement hereto, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Where there is any inconsistency between the information contained in this Prospectus and the information contained in (or incorporated by reference into) the information incorporated by reference herein, the information set out in this Prospectus shall prevail.

Except for the BRSA Financial Statements incorporated by reference into this Prospectus to the extent set out on the website referenced above, the contents of any website referenced in this Prospectus do not, and shall not be deemed to, constitute a part of, nor are incorporated into, this Prospectus. Neither the contents of any website referenced in, nor any documents incorporated by reference into, this Prospectus have been scrutinised or approved by the Central Bank of Ireland.

OTHER GENERAL INFORMATION

Authorisation

The issuance of the Notes has been specifically authorised by a resolution of the Board of Directors of the Issuer dated 23 November 2023.

Legal Entity Identifier (LEI)

The Legal Entity Identifier (LEI) of the Issuer is 549300P1SLJZB82YLP69.

Listing of the Notes

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Regulated Market. It is expected that admission of the Notes to the Official List and to trading on the Regulated Market will be granted on the Issue Date, subject only to the issue of the Notes. The Regulated Market is a regulated market for the purposes of MiFID II. The expenses in connection with the admission of the Notes to the Official List and to trading on the Regulated Market are expected to amount to approximately €10,000.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Bank in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Regulated Market.

Documents Available

For as long as the Notes are admitted to the Official List and to trading on the Regulated Market, the following documents (or copies thereof) may be inspected at the registered office of the Issuer:

(a) the articles of association (with a certified English translation thereof) of the Issuer,

(b) the BRSA Financial Statements incorporated by reference herein or, when published, copies of the latest audited annual and unaudited interim financial statements of the Bank (in English) delivered by the Bank pursuant to Condition 4.2 (for the purpose of clarification, such financial statements are not, and shall not be deemed to be, included in (or incorporated by reference into) this Prospectus),

(c) the Agency Agreement (including the forms of the Deed of Covenant, the Global Certificates and the Definitive Certificates), and

(d) a copy of this Prospectus.

In addition, for such period, copies of the documents described in clauses (a) through (d) are (or, as applicable, are expected to be) available in electronic format on the Issuer's website (as of the date hereof, at: https://www.teb.com.tr/about-teb/investor-relations-debt-capital-instruments/); *provided* that: (i) the articles of association of the Issuer can be found at https://www.teb.com.tr/about-teb/articles-of-association/ and (ii) the BRSA Financial Statements can be found at https://www.teb.com.tr/about-teb/independent-audit-report-and-financial-statements/. Such websites do not, and shall not be deemed to, constitute a part of, nor are incorporated into, this Prospectus and have not been scrutinised or approved by the Central Bank of Ireland.

Clearing Systems

The Global Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg (ISIN: XS2744911830, Common Code: 274491183, CFI Code: DBFNFR and FISN: TURK EKONOMI BA/9.375EUR NT 2034011).

Scheduled payments on each Note will be paid only to the Person in whose name such Note was registered in the Register at the close of business on the applicable Record Date. With respect to Notes represented by a Global Certificate on a Record Date, this thus means that payment will be made by (on or behalf of) the Issuer to the applicable Clearing System (or its nominee or depositary) and, as a result, each holder of a beneficial interest in such Global Certificate should consider that such Clearing System might credit the account of its applicable direct participant(s) only after receipt of payment from the Issuer (including potentially applying such credits on a later day) and/or might use a different application process (such as a record date that differs from the Record Date), which payment such direct participants might themselves only credit to the account of their own customers as per their own timing and other procedures (and so on through any indirect participant(s) until the ultimate investor's account is credited with funds). Payments by Clearing Systems to their direct participants and then by such direct participants (and indirect participants) to their own customers will be governed by standing instructions and customary practices and will be the responsibility of the Clearing Systems and such participants and not of the Issuer.

As of the date hereof: (a) the address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and (b) the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

No Material Adverse Change or Significant Change

As of the date of this Prospectus, the Issuer hereby confirms that, other than to the extent described in (including in the information incorporated by reference into) this Prospectus, there has been: (a) no material adverse change in the prospects of the Issuer since 31 December 2022, (b) no significant change in the financial performance of the Group since 30 September 2023 to the date of this Prospectus and (c) no significant change in the financial position of the Group since 30 September 2023.

Legal and Arbitration Proceedings

Neither the Bank nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Bank is aware) in the 12 months preceding the date of this Prospectus that might have or in such period had significant effects on the Bank's and/or the Group's financial position or profitability.

Interests of Natural and Legal Persons Involved in the Issue

Except with respect to the fees to be paid to the Joint Bookrunners, as far as the Bank is aware, no natural or legal person involved in the issue of the Notes has an interest, including a conflicting interest, that is material to the issue of the Notes. It should be noted that one of the Joint Bookrunners (*i.e.*, BNP Paribas) is the parent of the Bank as described in "Share Capital and Ownership" and that BNP Paribas, Luxembourg Branch will act as the Fiscal Agent, Transfer Agent, Principal Paying Agent and Registrar.

Independent Auditors

The BRSA Annual Financial Statements incorporated by reference herein were audited by Deloitte in accordance with the Turkish Auditor Regulation and the Standards on Independent Auditing, which is a component of the Turkish Auditing Standards published by the POA, as stated in Deloitte's independent auditor's reports included within such BRSA Financial Statements.

The BRSA Interim Financial Statements have been reviewed by Deloitte as stated in the respective review report included therein. Deloitte's review report included within each of the BRSA Interim Financial Statements notes that: (a) a review of interim financial information: (i) consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures and (ii) is substantially less in scope than an independent audit conducted in accordance with independent auditing standards and (b) it does not express an opinion. Accordingly, the degree of reliance upon their reports on such information should be restricted in light of the limited nature of the review procedures applied.

Deloitte is an independent auditor in Türkiye and is authorised by the BRSA to conduct independent audits of banks in Türkiye. Deloitte is located at Maslak Plaza, Eski Büyükdere Caddesi, Maslak Mahallesi No:1, Maslak, Sarıyer, 34398, İstanbul, Türkiye.

Material Contracts

The Bank has not entered into any material contract outside the ordinary course of its business that could result in the Bank being under an obligation or entitlement that is material to its ability to meet its obligations to investors in respect of the Notes.

Joint Bookrunners Transacting with the Issuer

Certain of the Joint Bookrunners and/or their respective affiliates have engaged, and might in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and/or the Issuer's affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Joint Bookrunners and their respective affiliates might make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities might involve securities and/or instruments of the Issuer or its affiliates. The Joint Bookrunners and their respective affiliates that have a credit relationship with the Issuer might from time to time hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Bookrunners and their respective affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions might adversely affect future trading prices of an investment in the Notes. The Joint Bookrunners and their respective affiliates might also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and might hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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OVERVIEW OF DIFFERENCES BETWEEN IFRS AND THE BRSA PRINCIPLES

The BRSA Financial Statements are prepared in accordance with the BRSA Principles. The BRSA Principles, statements, communiqués and guidance differ from IFRS in some instances that might be material to the financial information herein. Such differences primarily relate to the format of presentation of financial statements, disclosure requirements (*e.g.*, IFRS 7) and accounting policies. BRSA format and disclosure requirements are prescribed by relevant regulations and do not always conform to IFRS or IAS 34 standards. The following paragraphs contain a narrative description of differences between IFRS and the BRSA Principles as adopted by the Issuer in preparing its annual financial statements.

Similar differences with IFRS also exist in the accounting policies and disclosure requirements applied to consolidated subsidiaries, especially those providing life and non-life insurance services, which are subject to policies/requirements of the Turkish Treasury, and factoring and leasing services, which are subject to specific BRSA policies/requirements.

Hyperinflationary Accounting

Pursuant to TAS 29 and IAS 29, the financial statements of entities whose functional currency is that of a hyperinflationary economy must be adjusted for the effects of changes in a general price index. Neither TAS 29 nor IAS 29 establishes an absolute rate when hyperinflation is deemed to arise, but rather each provides a series of non-exclusive guidelines as to when restatement of financial statements becomes necessary. These guidelines include, among other considerations, quantitative criteria based upon verifying if the three-year cumulative inflation rate approaches or exceeds 100%. In March 2022, the International Practices Task Force of the Centre for Audit Quality, which monitors countries experiencing high inflation, categorised Türkiye as a country with a three-year cumulative inflation rate greater than 100% as of 28 February 2022. Accordingly, Turkish companies reporting under IFRS should apply IAS 29 to their financial statements for periods ending on and after 30 June 2022.

With respect to TFRS, TAS 29 recommends that all entities that report in the currency of the same hyperinflationary economy apply this standard from the same date. As such, as indicated in TAS 29, in order to ensure application compatibility within Türkiye, all reporting entities are expected to start to use TAS 29 at the same time following an announcement to do so by the POA. On 23 November 2023, the POA published an announcement requiring entities that apply TFRS to present their financial statements by adjusting for the impact of inflation for the annual period ending on or after 31 December 2023 in accordance with the principles set out in TAS 29; *however*, this announcement also provided that institutions authorised to regulate and supervise Turkish companies (*e.g.*, the BRSA) may determine a different transition date and, on 12 December 2023, the BRSA announced that such shall not apply for banks for BRSA Financial Statements as of and for the year ended 31 December 2023 (as of the date of this Prospectus, no statement has yet been made with respect to later accounting periods). As a result, the BRSA Financial Statements that do not apply hyperinflationary accounting might differ materially from those applying hyperinflationary accounting in accordance with IAS 29. Nonetheless, as of and from 31 December 2023, deferred tax will be calculated and reflected in a bank's BRSA Financial Statements on the value differences that would have occurred had inflation adjustment been applied to non-monetary assets and liabilities as determined in accordance with the provisions of the tax procedures law; *however*, pursuant to Turkish law, such value difference made in the 2023, 2024 and 2025 accounting periods will not be taken into account in determining taxable earnings.

As noted in "Presentation of Financial and Other Information," the Bank intends to make a provision to offset the impact of such deferred tax income on the financial statements, which might result in the independent auditor's report included in each of the Group's and the Bank's BRSA Financial Statements as of and for the year ended 31 December 2023 (and potentially thereafter) to include a qualification.

Presentation of Financial Statements

There are differences in presentation of financial statements other than measurement differences described above. These differences can be briefly explained by mandatory financial statement line items in accordance with IAS 1, disclosure requirements of IFRS 7 or, where applicable, the disclosure requirements of other standards. BRSA Financial Statements (including the related notes) are presented under a special format determined by the BRSA. Similarly, balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows are presented using this specified format. The BRSA also requires a statement for off balance sheet items. These presentation differences might vary based upon the

sector that the related consolidated subsidiary operates in, especially those providing life and non-life insurance services, which are subject to the Turkish Treasury policies/requirements, and factoring and leasing services, which are subject to specific BRSA policies/requirements.

Basis for Consolidation

Consolidation principles under the BRSA Principles and IFRS are based upon the concept of the power to control in determining whether a parent/subsidiary relationship exists and that consolidation is appropriate. Control is typically exhibited where an entity has the majority of the voting rights.

Only financial sector subsidiaries are consolidated under the BRSA Principles, whereas other associates are accounted for using the equity method as defined in TAS 28 ("Investments in Associates and Joint Ventures"). The BRSA Principles provides an exemption for consolidation based upon certain materiality criteria, whereas this is not applicable in the case of IFRS. Under IFRS, all subsidiaries are consolidated.

THE ISSUER

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