FİBABANKA A.Ş.

Issue of US$150,000,000 Perpetual Fixed Rate Resettable Additional Tier 1 Notes

Issue price: 100.00%

The US$150,000,000 Perpetual Fixed Rate Resettable Additional Tier 1 Notes (the "*Notes*") are being issued by Fibabanka 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 272902 (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) 7 October 2024 (the "*Issue Date*") to (but excluding) 7 April 2030 (the "*First Reset Date*" and, with the fifth anniversary of the First Reset Date and each subsequent fifth anniversary thereof, each a "*Reset Date*") at a fixed rate of 10.250% *per annum* (the "*Initial Interest Rate*"). From (and including) each Reset Date to (but excluding) the next Reset Date (each a "*Reset Period*"), the Notes will bear interest at a fixed rate *per annum* equal to the aggregate of: (a) 6.684% *per annum* (the "*Reset Margin*") and (b) the CMT Rate (as defined herein) in relation to such Reset Period (the "*Reset Interest Rate*" and, with the Initial Interest Rate, each an "*Interest Rate*"). Subject to the right of the Issuer to cancel any payment of interest in respect of the Notes, interest on the Notes will be payable semi-annually in arrear on the 7th day of each April and October (each an "*Interest Payment 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 Notes are perpetual securities with no fixed maturity or date for redemption and are only redeemable in accordance with Condition 8. 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 any Payment Business Day from (and including) the fifth anniversary of the Issue Date (*i.e.*, 7 October 2029) to (and including) the First Reset Date or on any Interest Payment Date thereafter, or (ii) at any time upon the occurrence of a Tax Event (as defined in Condition 8.3) or (b) at any time 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 5.13) together with all interest accrued and unpaid to (but excluding) the date of redemption. 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 Issuer may elect, in its sole and absolute discretion, to cancel any payment of interest in whole or in part at any time and for any reason, and payments of interest in respect of the Notes will also not be made in certain other circumstances as provided in Condition 5.6. Interest payments in respect of the Notes will be non-cumulative. Accordingly, if any payment of interest (or part thereof) is not made in respect of the Notes as a result of any cancellation of such payment of interest pursuant to the provisions of Condition 5 or for any other reason described in the Conditions, then the right of the Noteholders to receive the relevant interest payment (or part thereof) will immediately and automatically be extinguished and the Issuer will have no obligation to pay such interest (or part thereof) or to pay any interest thereon, whether or not interest on the Notes is paid in respect of any future Interest Period. The cancellation or other non-payment of any interest (or part thereof) as provided in Condition 5 will not constitute a default or entitle Noteholders to take any action. For further information, see Condition 5.

If at any time a Trigger Event (as defined in Condition 6.1) occurs, then the Issuer will cancel interest on the Notes and, if such is insufficient to restore the CET1 Ratio(s) (as defined in Condition 6.6) of the Issuer and/or the Group, as the case may be, to 5.125%, reduce the then Prevailing Principal Amount of each Note by the "Trigger Event Write-Down Amount" as provided in Condition 6.1. To the extent the Prevailing Principal Amount of a Note is less than its Initial Principal Amount (as defined in Condition 5.13) at any time as a result of a Trigger Event Write-Down, the Prevailing Principal Amount may, in the sole and absolute discretion of the Issuer but subject to certain conditions, be reinstated up to a maximum of its Initial Principal Amount, all as further described in Condition 6.5. See also "Risk Factors - Risks Relating to the Notes - Risks Relating to the Structure of the Notes - Trigger Event Reductions."

The Notes are also subject to loss absorption upon the occurrence of a Non-Viability Event (as defined in Condition 6.6), in which case an investor in the Notes might lose some or all of its investment in the Notes. See Condition 6.2 and "Risk Factors - Risks Relating to the Notes - Risks Relating to the Structure of the Notes - Non-Viability Event Reductions."

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 8.3 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 Additional Tier 1 Securities (as defined in Condition 8.5) or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Additional Tier 1 Securities. See Condition 8.5.

There is currently no public market for the Notes. This Offering Circular constitutes "listing particulars" for the purposes of the admission of the Notes to the official list (the "*Official List*") and to trading of the Notes on the Global Exchange Market (the "*GEM*") of the Irish Stock Exchange plc trading as Euronext Dublin ("*Euronext Dublin*") and does not constitute a prospectus for the purposes of Regulation (EU) No. 2017/1129 (as amended, the "*Prospectus Regulation*"). Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on GEM and this Offering Circular has been approved by Euronext Dublin. GEM is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "*MiFID II*"). References in this Offering Circular 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 GEM.

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 5 April 2024 and, to the extent (and in the form) required by applicable law, an approval of the CMB in relation to the Notes 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 as set out on page 76 of this Offering Circular. 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 Citigroup Global Markets Limited and Standard Chartered Bank (together, the "*Joint Global Coordinators and Bookrunners*") and Emirates NBD Bank PJSC (together with the Joint Global Coordinators and Bookrunners, 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 Global Coordinators and Bookrunners

Citigroup **Standard Chartered Bank**

Joint Bookrunner

Emirates NBD Capital

The date of this Offering Circular is 3 October 2024.

This document does not constitute a prospectus for the purposes of: (a) Article 8 of the Prospectus Regulation, (b) the Prospectus Regulation as it forms part of United Kingdom ("*UK*") domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "*EUWA*") and/or (c) 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 Offering Circular. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, such information is in accordance with the facts and this Offering Circular makes no omission likely to affect the import of such information.

The Issuer confirms that: (a) this Offering Circular (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 Offering Circular is true and accurate in all material respects and is not misleading, (c) any opinions, predictions or intentions expressed in this Offering Circular (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 Offering Circular 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 Offering Circular is to be read in conjunction with all documents that are incorporated by reference herein (see "Documents Incorporated by Reference"). This Offering Circular shall be read and construed on the basis that such documents (or the applicable portions thereof) are incorporated into, and form part of, this Offering Circular.

None of the Agents (as defined in the Conditions) nor the Joint Bookrunners have independently verified the information contained in (including incorporated by reference into) this Offering Circular, nor do they make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in (including incorporated by reference into) this Offering Circular. 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 Offering Circular 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 Offering Circular 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 its 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 Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular, (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 Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular 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 represents that this Offering Circular may be lawfully distributed, or that the Notes (or beneficial interests therein) may be lawfully offered, in any such jurisdiction or assumes 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 Offering Circular, 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 Offering Circular 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 Offering Circular or any Notes (or beneficial interests therein) come(s) must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular, 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 Offering Circular and the offer and/or sale of the Notes (or beneficial interests therein) in (*inter alia*) Türkiye, the United States, the European Economic Area (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 Additional Tier 1 Approval described below), 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 approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. 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 Offering Circular,

(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 any Write-Down (including under what circumstances a Trigger Event or a Non-Viability Event will occur) and the cancellation of interest, 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 5 April 2024 and numbered E-29833736-105.02.02-52404) and the final CMB approved issuance certificate (in Turkish: *onaylanmış ihraç belgesi*) (dated 5 April 2024 and numbered 85/BA-544) (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[55]-114054) (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[55]-117796 from the BRSA (the "*BRSA Additional Tier 1 Approval*") approving the treatment of the Notes as Additional Tier 1 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 Additional Tier 1 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 Additional Tier 1 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 Additional Tier 1 Capital, see "Additional Tier 1 Rules."

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 European Union (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 the 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, 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 a nominee of the Common Depositary. Except as described in this Offering Circular, 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 Offering Circular 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: (a) "*EEA Retail Investor*" means a person who is one (or both) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) 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 and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes (or beneficial interests therein) so as to enable an investor to decide to purchase or subscribe for the Notes (or beneficial interests therein). 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: (a) "*UK Retail Investor*" means a person who is one (or both) of the following: (i) 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 (ii) 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 and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes (or beneficial interests therein) so as to enable an investor to decide to purchase or subscribe for the Notes (or beneficial interests therein). 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. In addition, the Financial Conduct Authority Handbook Conduct of Business Sourcebook ("*COBS*") requires, in summary, that the Notes should not be offered or sold to retail clients (as defined in COBS 3.4) in the UK.

Other Jurisdictions. In October 2018, the Hong Kong Monetary Authority issued guidance on enhanced investor protection measures on the sale and distribution of debt instruments with loss absorption features and related products (the "*HKMA Circular*"). Under the HKMA Circular, debt instruments with loss absorption features, being subject to the risk of being written-down or converted to ordinary shares, and investment products that invest mainly in, or whose returns are closely linked to the performance of, such instruments are to be targeted in Hong Kong at professional investors (as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "*SFO*") and any rules made under the SFO, a "*Hong Kong Professional Investor*") only and are generally not suitable for retail investors in either the primary or secondary markets.

In Singapore, the Securities and Futures Act 2001 of Singapore (as amended, the "*SFA*"), the Financial Advisers Act (Chapter 110) of Singapore (the "*FAA*"), the Guidelines on Fair Dealing - Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers (the "*Guidelines on Fair Dealing*") and the Code of Conduct for Private Banking in Singapore (the "*PB Code*") contain additional obligations and/or guidance in relation to the marketing, offer and sale of the Notes to investors in Singapore. The SFA, the FAA, the Guidelines on Fair Dealing and the PB Code are together referred to as the "*Singapore Regulations*."

The COBS, the HKMA Circular and the Singapore Regulations are together referred to in this section as the "*Regulations*."

The Joint Bookrunners are required to comply with some or all of the Regulations. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest therein) from the Issuer and/or any Joint Bookrunner, each prospective investor represents, warrants and agrees with, and undertakes to, the Issuer and each of the Joint Bookrunners that:

(a) it is not a retail client in the UK,

(b) it will not sell or offer the Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that communication, invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK,

(c) whether or not it is subject to the Regulations, it will not: (i) sell or offer the Notes (or any beneficial interests therein) to any retail clients or any person in Hong Kong that is not a Hong Kong professional investor or any person in Singapore that is not an "accredited investor" or an "institutional investor" (each as defined in Section 4A of the SFA, a "*Singapore Professional Investor*") or (ii) communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail or any person in Hong Kong or Singapore that is not a Hong Kong professional investor or a Singapore professional investor, respectively,

(d) if it is in Hong Kong, that it is a Hong Kong Professional Investor, and

(e) if it is in Singapore, that it is a Singapore Professional Investor.

In selling or offering the Notes (or beneficial interests therein) or making or approving communications, invitations or inducements relating to the Notes, each prospective investor may not rely upon the limited exemptions set out in COBS.

The above obligations and Regulations are in addition to the need to comply at all times with all other applicable laws (whether inside or outside the EEA, the UK, Hong Kong, Singapore or any other jurisdiction) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interest therein), whether or not specifically mentioned in this Offering Circular, including (without limitation) any requirements under MiFID II or the FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Notes for investors in any relevant jurisdiction.

Where acting as an agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interest therein) from the Issuer and/or any of the Joint Bookrunners, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client(s).

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 OF SINGAPORE

In connection with Section 309B(1) of 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 Offering Circular 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 Offering Circular, 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 Offering Circular, 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 Offering Circular are reasonable as of the date of this Offering Circular, if one or more of the risks or uncertainties inherent in these forward-looking statements materialise(s), including those identified in this Offering Circular, 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 Offering Circular. 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 Offering Circular speak only as of the date of this Offering Circular. Without prejudice to any requirements under applicable laws, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular 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, Citigroup Global Markets Limited (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 2022 (including comparative information for 2021) and 2023 (including comparative information for 2022) (in each case, including any notes thereto and the independent auditor's audit report thereon) (the "*BRSA Annual Financial Statements*") and the Bank's consolidated and unconsolidated interim financial statements as of and for the six-month period ended 30 June 2024 (including comparative information for the same period of 2023 and, for balance sheet items, 31 December 2023) (including any notes thereto and the independent auditor's review report thereon) (the "*BRSA Interim Financial Statements*"), have been prepared and presented in accordance with the BRSA Principles except for the free reserves (which are not within the requirements of the BRSA Principles) recognised by the Bank. The independent auditor's report included in each of the BRSA Financial Statements includes a qualification regarding free reserves recognised by the Bank. The independent auditor's report included in each of the BRSA Annual Financial Statements as of and for the year ended 31 December 2023 and the BRSA Interim Financial Statements also includes a qualification with respect to deferred tax not recognised by the Bank by calculating the temporary differences arising from inflation accounting between the BRSA Financial Statements (which are not adjusted for inflation) and tax-based financial statements (which are adjusted for inflation). See "Risk Factors – Risks Relating to the Group and its Business – Other Group-Related Risks – Audit Qualification."

In this Offering Circular, "*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" 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*").

The BRSA Annual Financial Statements were audited by independent auditors KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of KPMG International Cooperative) ("*KPMG*") 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. The BRSA Interim Financial Statements were reviewed by KPMG in accordance with the Standard on Review Engagements (SRE) 2410 ("Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity"). The Bank has appointed KPMG to act as its independent auditor with respect to the remainder of 2024. See KPMG's independent auditor report included within each of the BRSA Financial Statements incorporated by reference into this Offering Circular.

With respect to the BRSA Interim Financial Statements, KPMG has (*inter alia*) reported that: (a) a review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Standards on Independent Auditing and does not provide assurance that the audit firm will be aware of all significant matters that would have been identified in an audit and (b) accordingly, they do not express an opinion on the BRSA Interim Financial Statements. 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 Offering Circular, all of which are in English: (a) were prepared as convenience translations of the corresponding Turkish language BRSA Financial Statements (which translations the Bank confirms are direct and accurate) and (b) were not prepared for the purpose of their incorporation by reference into this Offering Circular.

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 years ended 31 December 2022 and 2023 or the six-month period ended 30 June 2024 nor (as of the date of this Offering Circular) 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 Offering Circular.

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 Offering Circular 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 Turkish Accounting Standards 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 whether 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. On 11 January 2024, the BRSA announced that such will apply for banks for accounting periods starting from 1 January 2025. As a result: (a) the Group's and the Bank's BRSA Financial Statements incorporated by reference into this Offering Circular have not applied, and the BRSA Financial Statements for the remainder of 2024 will not apply, the inflation adjustment standards of TAS 29, (b) such inflation adjustments are expected to be applied starting from the BRSA Financial Statements as of and for the three months ended 31 March 2025 and (c) the Group's and the Bank's BRSA Financial Statements for 2025 and thereafter will not be comparable to financial statements from earlier periods prepared without such inflation adjustment. In addition, as of and from 31 December 2023 until the full inflation adjustments are made in 2025, 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, monetary gain/loss arising from such inflation accounting in the 2024 and 2025 accounting periods will not be taken into account in determining taxable earnings.

The independent auditor's report included in each of the BRSA Annual Financial Statements as of and for the year ended 31 December 2023 and the BRSA Interim Financial Statements also includes a qualification with respect to deferred tax not recognised by the Bank by calculating the temporary differences arising from inflation accounting between the BRSA Financial Statements (which are not adjusted for inflation) and tax-based financial statements (which are adjusted for inflation).

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").

Non-GAAP Measures

To supplement the Bank's consolidated and unconsolidated financial statements presented (except for the free provisions recognised by the Bank as described herein) in accordance with the BRSA Principles, the Bank uses certain ratios and other measures included (including through incorporation by reference) in this Offering Circular that might be considered to be non-GAAP (or alternative performance measures) (GAAP for this purpose referring to a body of generally accepted accounting principles such as the BRSA Principles). A non-GAAP financial measure is one that measures historical or future financial performance, financial position or cash flows but that excludes or includes amounts that would not be so adjusted in the most comparable GAAP ratios or measures.

Any such non-GAAP financial measures included in this Offering Circular 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 non-GAAP financial measures to investors, the Bank's management believes that the inclusion of non-GAAP financial measures in this Offering Circular provides consistency in the Group's financial reporting and thus improves investors' ability to assess the Group's trends and performance over multiple periods. 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.

For the Group, such non-GAAP financial measures in this Offering Circular (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 Offering Circular as defined below):

adjusted operating expenses to average total assets: For a particular period, this is: (a) total operating expenses for such period excluding depreciation and amortisation expenses and reserve for employee severance indemnities for such period *as a percentage of* (b) average total assets calculated as the average of the opening, quarter-end and closing balances during such period.

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

free capital ratio: As of a particular date, this is: (a) total shareholders' equity *minus* goodwill, tangible assets, assets held for resale, investment property, investments in equity participations and net non-performing loans ("*NPLs*") excluding allowance made on a portfolio basis to cover any inherent risk of loss as of such date *as a percentage of* (b) total assets as of such date.

loan loss provisions to gross loans: As of a particular date, this is: (a) the total loan loss provisions as of such date *as a percentage of* (b) the sum of total cash loans and non-cash loans as of such date.

loan-to-deposit ratio: As of a particular date, this is: (a) the total amount of cash loans excluding NPLs as of such date *as a percentage of* (b) the total customer deposits as of such date.

net fee and commission income to total operating income: For a particular period, this is: (a) the net fee and commission income for such period *as a percentage of* (b) the total operating income for such period.

net interest margin: For a particular period, this is: (a) net interest income during such period *as a percentage of* (b) average interest-earning assets during such period.

net interest margin including net commissions: For a particular period, this is: (a) the sum of: (i) net interest income during such period and (ii) net commissions during such period *as a percentage of* (b) average interest-earning assets during such period.

NPL coverage ratio: As of a particular date, this is: (a) the allowance for probable loan losses as of such date excluding allowances made on a portfolio basis to cover any inherent risk of loss *as a percentage of* (b) the total NPLs as of such date.

NPL ratio: As of a particular date, this is: (a) the total NPLs as of such date *as a percentage of* (b) the total gross cash loans as of such date.

return on average shareholders' equity: For a particular period, this is: (a) the net income for such period (and, when calculating for an interim period, the figure is annualised by multiplying the net income for the indicated period by 12 *divided by* the number of months in such period) *as a percentage of* (b) the average shareholders' equity for such period.

return on average total assets: For a particular period, this is: (a) the net income for such period (and, when calculating for an interim period, the figure is annualised by multiplying the net income for the indicated period by 12 *divided by* the number of months in such period) *as a percentage of* (b) the average total assets for such period.

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 figures and actual results might vary materially.

The following are definitions of certain terms that are used in the calculations of the terms defined above (such terms being used in this Offering Circular 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 (*e.g.*, 31 March, 30 June, 30 September and 31 December).

average interest-bearing liabilities: For a particular period, this is the average of the amount of interest-earning liabilities 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 (*e.g.*, 31 March, 30 June, 30 September and 31 December).

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 (*e.g.*, 31 March, 30 June, 30 September and 31 December).

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 (*e.g.*, 31 March, 30 June, 30 September and 31 December).

net interest income: For a particular period, this is total interest earned during such period *minus* total interest expensed 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 Offering Circular, 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 Offering Circular 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 Offering Circular

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

In this Offering Circular: (a) "Bank" or "Issuer" means Fibabanka A.Ş. on a standalone basis and "Group" means the Bank and its Subsidiaries, (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 Offering Circular 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 Offering Circular 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 Offering Circular. 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 Offering Circular, 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 Offering Circular, 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 Offering Circular 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 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 Offering Circular 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 does not contain all of the information that might be important to prospective investors in the Notes. This entire Offering Circular, including the more detailed information regarding the Bank's business herein and the BRSA Financial Statements incorporated by reference herein, 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 Offering Circular 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 Offering Circular, including in the BRSA Financial Statements (including the notes thereto) incorporated by reference into this Offering Circular.

General

The Bank is a Turkish private commercial bank that provides banking products and services to corporate, commercial, personal, private and prestige customers through (as of 30 June 2024) a network of 41 branches located in 13 cities, with 19 branches in İstanbul and the remainder in other major cities throughout Türkiye.

The Bank has a strong shareholding structure, principally under the ownership of Fiba Holding A.Ş. ("*Fiba Holding*"), which holds 69.23% of the common shares of the Bank. The other shareholders are TurkFinance B.V. ("*TurkFinance*"), which holds 9.95% of the common shares of the Bank, International Finance Corporation ("*IFC*"), which holds 6.21% of the common shares of the Bank, and the European Bank for Reconstruction and Development ("*EBRD*"), which holds 8.96% of the common shares of the Bank. Fiba Holding is part of the Fiba Group, which was founded in 1987 by Mr. Hüsnü Özyeğin, a pioneering Turkish banker and prominent businessman. As of 31 December 2023, Fiba Group, which was present in 10 countries, operated through 74 companies mainly in the financial services, retail, energy and real estate industries. As of such date (the latest date for which such information is publicly available), the Fiba Group had total assets of US$15.7 billion. The IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. The EBRD is owned by 72 countries and two intergovernmental institutions and supports the development of market economies and democracies. The EBRD's investment in the Bank was its first equity investment in a financial institution in Türkiye. TurkFinance is an investment arm of Franklin Templeton Investments, which is a global investment firm known for its actively managed mutual funds serving clients in more than 160 countries.

The Bank has, since 2017, expanded its digital banking activities significantly through investments in digital banking products and ecosystem banking. Through these investments, the Bank engages with its clients via the points-of-sale ("*POS*") of its ecosystem partners in addition to its alternative distribution channels ("*ADCs*"), including ATMs, internet banking, mobile banking, video banking and a call centre, creating efficiencies and reducing expenditures. As a result, the Bank was able to reduce its branch network from 73 as of 31 December 2016 to 41 as of 30 June 2024, whilst reaching a much wider network through 12,838 POS (as of 30 June 2024) and generating significant growth in its active customer base, from 105,002 as of 31 December 2016 to 1,318,039 as of 30 June 2024.

Based upon the Bank's BRSA Financial Statements as of and for the six-month period ended 30 June 2024, the Bank had total assets of TL 119.0 billion (an increase of 15.1% from TL 103.4 billion as of 31 December 2023, which was an increase of 39.7% from TL 74.0 billion as of 31 December 2022, itself an increase of 63.9% from TL 45.2 billion as of 31 December 2021), loans to customers (net) of TL 61.5 billion (an increase of 19.6% from TL 51.4 billion as of 31 December 2023, which was an increase of 33.8% from TL 38.4 billion as of 31 December 2022, itself an increase of 73.8% from TL 22.1 billion as of 31 December 2021) and shareholders' equity of TL 13.5 billion (an increase of 29.1% from TL 10.4 billion as of 31 December 2023, which was an increase of 60.0% from TL 6.5 billion as of 31 December 2022, itself a 177.8% increase from TL 2.3 billion as of 31 December 2021).

For 2023, the Group's net profit was TL 4.2 billion, a 54.1% increase from TL 2.7 billion for 2022, which was itself a 550.3% increase from TL 418.3 million in 2021. In the first six months of 2024, the Group's net profit was TL 3.5 billion, an increase of 51.9% from TL 2.3 billion in the same period of 2023. As of 30 June 2024, the Group's total capital adequacy ratio was 16.26% and its Tier 1 capital adequacy ratio was 10.73% (17.98% and 11.37%, respectively, as of 31 December 2023, 19.51% and 10.82%, respectively, as of 31 December 2022 and

23.58% and 9.65%, respectively, as of 31 December 2021). The Group's return on average shareholders' equity was 48.1% for 2023, 60.1% for 2022, 20.2% for 2021 and 56.1% for the first six months of 2024.

The Group has four primary customer-facing divisions: Corporate & Commercial Banking, Ecosystem and Platform Banking, Consumer Loans & Payment Solutions Management and Wealth Management, additional information about each of which is provided below.

- *Corporate & Commercial Banking*. The Bank's Corporate & Commercial Banking division's activities consist primarily of traditional cash and non-cash lending, trade finance, foreign trade, cash management and risk management. The Corporate Banking business line serves large companies (including multinational corporations) whereas the Commercial Banking serves companies with a credit limit up to (and including) TL 30.0 million. As of 30 June 2024, the Corporate & Commercial Banking segment had 40,066 customers and cash loans of TL 50.0 billion, representing 76.8% of the Bank's cash loans.

- *Ecosystem and Platform Banking*. The Bank's Ecosystem and Platform Banking division has developed the "Banking as a Service" (BaaS) capacity and established an ecosystem with well-known national retail brands in Türkiye, offering shopping loans and new generation payment solutions to consumers through online platforms and the physical stores of its business partners. As of 30 June 2024, the Bank had 12,838 POS with its business partners (who, as of such date, represented 55 brands operating in 15 sectors).

- *Consumer Loans & Payment Solutions Management.* The Consumer Loans & Payment Solutions Management division offers products to retail customers such as shopping loans, pre-approved loans, overdraft accounts, car loans and credit and debit card services. As of 30 June 2024, the Bank had total consumer loans (including shopping loans, pre-approved loans, overdrafts, auto loans, mortgage loans and credit card loans) of TL 15.1 billion, representing 23.2% of the Bank's cash loans.

- *Wealth Management*. Under the Wealth Management division, the Bank offers its customers a comprehensive service to manage their savings and investments. The Bank's Deposits, Investment and Insurance Products Management department offers its retail and commercial customers demand and time deposits, mutual funds and other investment products (including hedging instruments), as well as insurance products, through the Bank's branches, call centre and digital channels. The Bank's Deposits, Investment and Insurance Products Management department is focused on increasing the Bank's deposit base, including through the use of deposit campaigns and new product launches via various sales channels such as branches and the Bank's mobile and web applications, video banking and call centre. As of 30 June 2024, the Bank's total customer deposits were TL 76.6 billion. The Private & Prestige Banking department focuses on high-net worth individuals rather than institutions or enterprises, offering customised alternatives to personal banking based upon the customer's risk profile and return on investment expectations. As of 30 June 2024, the Bank's Private & Prestige Banking department operated out of 33 branches, 15 of which are in Istanbul, serviced by 155 customer representatives.

The Bank also offers a wide range of products with the support of the Bank's Treasury Department, Fiba Portföy Yönetimi A.Ş. ("*Fiba Portfolio Asset Management*"), HDI Fibaemeklilik A.Ş. ("*Fiba Pension and Life*") and Fibasigorta A.Ş. ("*Fiba Insurance*") and in cooperation with Oyak Yatırım A.Ş. (which is a Turkish investment bank) and Midas Menkul Değerler A.Ş. (which is a Turkish brokerage firm).

The business address of the Bank's executive management and the Board is the Bank's headquarters at Esentepe Mahallesi, Büyükdere Caddesi No. 129, Şişli, İstanbul, 34394 Türkiye. The Bank's telephone number is +90-212-381-8282.

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 the Bank's shareholders and the Notes themselves. 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 Issuer and 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 Offering Circular (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$150,000,000 Perpetual Fixed Rate Resettable Additional Tier 1 Notes (*i.e.*, the Notes), which are issued in compliance with Article 7 of the Equity Regulation and the BRSA Additional Tier 1 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.*, 7 October 2024) to (but excluding) the First Reset Date (*i.e.*, 7 April 2030) at a fixed rate of 10.250% *per annum*. From (and including) each Reset Date to (but excluding) the next Reset Date, the Notes will bear interest at the rate *per annum* equal to the Reset Interest Rate. Interest on the Notes will be payable semi-annually in arrear on each Interest Payment Date (*i.e.*, 7 April and 7 October in each year); *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 for a Reset Period means the rate *per annum* equal to the aggregate of: (a) the Reset Margin (*i.e.*, 6.684% *per annum*) and (b) the CMT Rate (as defined in Condition 5.6) in relation to such Reset Period, as determined by the Fiscal Agent on the applicable Reset Determination Date.
Cancellation of Interest:	The Issuer may elect, in its sole and absolute discretion, to cancel any payment of interest in whole or in part at any time and for any reason, and payments of interest in respect of the Notes will also not be made in certain other circumstances as provided in Condition 5.6. Interest payments in respect of the Notes will be non-cumulative. Accordingly, if any payment of interest (or part thereof) is not made in respect of the Notes as a result of any cancellation of such payment of interest pursuant to the provisions of Condition 5 or for any other reason described in the Conditions, then the right of the Noteholders to receive the relevant interest payment (or part thereof) will immediately and automatically be extinguished and the Issuer will have no obligation to pay such interest (or part thereof) or to pay any interest thereon, whether or not interest on the Notes is paid in respect of any future Interest Period. The cancellation or other non-payment of any interest (or part thereof) as provided in Condition 5 will not constitute a default or entitle Noteholders to take any action. For further information, see Condition 5.
Perpetual Securities:	The Notes are perpetual securities with no fixed maturity or date for redemption and are only redeemable in accordance with Condition 8.

Use of Proceeds:.. The net proceeds of the offering of the Notes will be used by the Bank for general corporate purposes; *provided* that some or all of such proceeds might be used in connection with the purchase (and cancellation) and/or prepayment of the Bank's US$300,000,000 Fixed Rate Resettable Tier 2 Notes due 2027 (of which US$62,316,000 is held by the Bank) (the "*Existing Tier 2 Notes*"). See "Use of Proceeds."

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 "Additional Tier 1" capital (as provided under Article 7 of the Equity Regulation), which approval (*i.e.*, the BRSA Additional Tier 1 Approval) has been received. See "Additional Tier 1 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.

Trigger Event/Write-Down of the Notes:............................. If a Trigger Event occurs at any time, then the Issuer will, *pro rata* with the other Notes: (a) cancel any interest in respect of the Notes accrued and unpaid to (but excluding) the applicable Trigger Event Interest Cancellation/Write-Down Date and (b) if such is insufficient to restore the CET1 Ratio(s) of the Issuer and/or the Group, as the case may be, to 5.125%, reduce the then Prevailing Principal Amount of each Note by the relevant Trigger Event Write-Down Amount to the extent required to restore the applicable CET1 Ratio(s) to 5.125% (or, if lower than such level, to the highest level possible), all in the manner described in Condition 6.1.

Any Trigger Event Write-Down of the Notes will be effected such that the Prevailing Principal Amount of each Note will be Written Down *pro rata* with the other Notes. In addition, except as may otherwise be required by Applicable Banking Regulations, any Trigger Event Write-Down of the Notes will take into account the write-down, conversion into equity or other similar or equivalent action relating to each Other Trigger Event Loss-Absorbing Instrument to the extent required to restore the CET1 Ratio(s) of the Issuer and/or the Group, as applicable, to the lower of: (a) the

Specified Trigger Threshold of such Other Trigger Event Loss-Absorbing Instrument and (b) 5.125% (or, if lower than such lower level, to the highest level possible); *however*, with respect to each Other Trigger Event Loss-Absorbing Instrument, such will be so taken into account only up to the amount by which it is possible for such Other Trigger Event Loss-Absorbing Instrument in accordance with its terms to be written down, converted into equity or otherwise impacted on up to a *pro rata* basis with any Trigger Event Write-Down of the Notes.

To the extent such write-down, conversion into equity or other similar or equivalent action relating to any Other Trigger Event Loss-Absorbing Instrument is not possible as a result of Applicable Banking Regulations, the terms of such Other Trigger Event Loss-Absorbing Instrument or otherwise, this will not in any way impact any Trigger Event Write-Down of the Notes and the only consequence will be that the Prevailing Principal Amount of each Note will be Written Down, and the Trigger Event Write-Down Amount will be determined, without taking into account any such write-down, conversion into equity or other similar or equivalent action relating to such Other Trigger Event Loss-Absorbing Instrument (and similarly with respect to the cancellation of interest).

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 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 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 Non-Viability Write-Down Amount in the manner described in Condition 6.2. Please refer to Condition 6.2 for further information on such potential Write-Downs, including for the definitions of various terms used in this section.

Reinstatement: .... To the extent the Prevailing Principal Amount of a Note is less than its Initial Principal Amount at any time as a result of a Trigger Event Write-Down, the Issuer may (in its sole and absolute discretion) increase the Prevailing Principal Amount of each Note (*i.e.*, a Write-Up) up to a maximum of its Initial Principal Amount in the manner (and subject to the conditions) described in Condition 6.5.

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 7(2)(c) 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.

Issuer Call:... The Issuer may, having given not less than five 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 from (and including) the fifth anniversary of the Issue Date (*i.e.*, 7 October 2029) to (and including) the First Reset Date or on any Interest Payment Date thereafter, in each case at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption. Please refer to Condition 8.2.

Optional Redemption for Taxation Reasons:....................... The Issuer may, having given not less than five 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 3 October 2024. Please refer to Condition 8.3.

Optional Redemption upon a Capital Disqualification Event: The Issuer may, having given not less than five 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 Additional Tier 1 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 8.3 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 five 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 Additional Tier 1 Securities or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Additional Tier 1 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 GEM and this Offering Circular has been approved by Euronext Dublin.

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 First Reset Date:	10.250% *per annum*
Security Codes:	ISIN: XS2801110581 Common Code: 280111058 CFI Code: DBFNPR FISN: FIBABANKA AS/10.25EUR NT PERP
Representation of Noteholders:	There will be no trustee.
Expected Initial Rating:	"CCC" by Fitch.
Fiscal Agent and Principal Paying Agent:	The Bank of New York Mellon, London Branch
Registrar, Transfer Agent and Paying Agent:	The Bank of New York Mellon SA/NV, Dublin Branch

RISK FACTORS

An investment in the Notes involves risk. Prospective investors in the Notes should carefully consider the information contained in this Offering Circular and the documents 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 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 Offering Circular. The Issuer has identified in this Offering Circular 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 in this Offering Circular 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 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 risks identified in this Offering Circular 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 June 2024: (a) the Bank's loans (net) constituted 51.7% 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 64.4% of its total liabilities, almost all of which deposits were located in Türkiye, and (c) 17.0% 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 Turkish 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 the President of Türkiye thus holds the additional powers granted to the President pursuant to a referendum held on 16 April 2017.

After the elections, there were numerous changes in Türkiye's economic leadership. On 6 July 2019, the governor of the Central Bank was replaced. On 8 November 2020, the Minister of the Turkish Treasury (President Erdoğan's son-in-law) resigned from his position and was promptly replaced. 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 9.9% 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, 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, the Minister of the Turkish Treasury resigned and was replaced. 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 in various steps to 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 the Turkish Treasury 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 45.00% as of 25 January 2024. On 3 February 2024, Mr. Fatih Karahan, the former Vice-Chair of the Central Bank, was appointed as the new governor of the Central Bank after the previous governor resigned. The Central Bank's new administration increased the rate to 50.00% as of the date of this Offering Circular. 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 Supreme Election Board ordered a revote for İstanbul mayor. In the revote on 23 June 2019, the main opposition party's candidate was selected. 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. On 31 March 2024, local elections took place throughout Türkiye, the results of which indicated a shift in municipal leadership, with the main opposition party securing a majority of votes in numerous districts (including maintaining the mayoralty of İstanbul, İzmir, Ankara and Antalya). Following the elections, President Erdoğan delivered a speech affirming the continuation of the government's established economic policies enacted after the 2023 general election.

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, 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.

In December 2017, Türkiye entered into a contract with Russia for the purchase of S-400 missile defence systems and, as a result, Türkiye was excluded from NATO's F-35 stealth fighter jet programme on 17 July 2019. 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, the Gaza Strip, Yemen 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 Workers' 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 military and forces loyal to the Syrian government. Although Türkiye and Russia reached a ceasefire agreement in March 2020, a permanent diplomatic solution to the conflict 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. 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 Offering Circular, 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.

In 2023, Türkiye received 6.3 million and 0.8 million tourists from Russia and Ukraine, respectively, representing 12.3% of all international tourists during the year. The total exports to these two countries were US$14.4 billion in 2023 whereas imports were US$49.3 billion, representing 5.6% and 13.6% 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. 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 the Gaza Strip. This conflict has significantly impacted civilian areas of the Gaza Strip, leading to a refugee and humanitarian crisis in the region. On 13 April 2024, in retaliation for an Israeli military strike on Iran's consulate in Damascus, Iran launched hundreds of projectiles at Israel, representing the first such direct attack from Iran on Israel. On 3 May 2024, Türkiye imposed a ban on trade with Israel. Military activity has since expanded to other regions in and around Israel. The impact of this conflict, including whether other actors (such as the United States, Egypt and/or other nations) might participate directly, is uncertain; *however*, this instability has impacted investors' confidence in the Middle East, which might negatively impact Türkiye and/or Turkish issuers.

In 2024, Houthi attacks against shipping in the Red Sea have, in addition to increased tension, resulted in delays and additional costs for shipping, which might lead to increases in import prices for Türkiye and thus might contribute to inflation and/or the current account deficit.

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 Turkish bank, the Group's business, financial condition and results of operations are significantly affected by the general 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/or equity markets, including adversely affecting the cost and availability of funding for the Group.

In recent years, Türkiye's gross domestic product ("*GDP*") growth rates have been volatile. During 2021, GDP increased by 11.4%, which growth was supported by the recovery in global economic activity after the initial impact of the COVID-19 pandemic, moderate credit expansion and a favourable base effect, whereas growth during 2022 was 5.6%, due primarily to strong consumption and the contribution of the services and finance sectors. In 2023, GDP growth slowed to 4.5%, principally as a result of the earthquakes in February and the Central Bank's tightening of monetary policy in the second half of the year. In the first half of 2024, the Turkish economy grew by 2.5% compared to the same period of 2023. 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 Bank's management expects GDP to grow more slowly in 2024 than in 2023 due to the higher interest rate environment and persistent inflationary conditions.

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 Offering Circular, the full impact on Türkiye's economy is uncertain but is expected to be substantial and material, with (as of the date of this Offering Circular) forecasts being for over US$100 billion of damages (over 11% of 2022's GDP).

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). 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 unemployment, 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 2024, the Turkish government published a new three-year economic growth programme (referred to as the "Medium Term Programme") under which GDP growth was anticipated to be 3.5%, 4.0%, 4.5% and 5.0% for 2024, 2025, 2026 and 2027, respectively, and the CPI inflation rate for such years was forecast to be 41.5%, 17.5%, 9.7% and 7.0%, respectively; *however*, many market participants have published higher forecasts, including in the near term.

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.*, the Turkish Lira depreciated against the U.S. dollar by 43.4% in 2021, 28.7% in 2022 and 36.6% in 2023, with significant volatility driven in part by regulatory changes and changes in Central Bank policy, 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 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. Thereafter, the Central Bank reduced its policy rate by 100 basis points in September 2021 and then further reduced the policy rate in various steps 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. 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 reduced the rate to 13.00% on 18 August 2022 and then to 12.00% on 22 September 2022, both of which reductions resulted in the Turkish Lira declining to a new all-time low, following which the Central Bank further reduced its policy rate in various steps to 8.50% on 23 February 2023. Seeking normalisation after the presidential elections in May 2023, the Central Bank's new administration increased the rate to 15.00% and then raised it again in multiple steps to 50.00% as of the date of this Offering Circular.

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. With respect to the impact of inflation, see also "- Risks Relating to the Group and its Business - Market Risks."

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 191 and 191 basis points, respectively, as of 31 December 2022 by 75 and 74 basis points, respectively, as of 31 December 2023 by 99 and 97 basis points, respectively, and as of 30 June 2024 by 41 and 39 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 414 and 414 basis points, respectively, as of 31 December 2022 by 474 and 473 basis points, respectively, as of 31 December 2023 by 280 and 273 basis points, respectively, and 185 and 178 basis points, respectively, as of 30 June 2024. 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. Türkiye's current account balance showed a deficit of US$31.9 billion in 2020 (4.5% of GDP), 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$7.4 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. In 2023, Türkiye's current account deficit initially increased due to strong domestic demand and gold imports, before decreasing to US$45.4 billion for the full year (4.1% of GDP) as a result of the Central Bank's tightening in monetary policy. In the first quarter of 2024, the current account deficit improved to only 2.8% of GDP, though such was due to weakening domestic demand for imports.

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 of central banks, might have an adverse impact on Türkiye's balance of trade and adversely affect Türkiye's economic growth. 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$52.7 billion of net energy imports in 2023, a decrease from US$80.1 billion of net energy imports in 2022, itself an increase from US$42.2 billion of net energy imports in 2021. 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 and around the Gaza Strip), 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 inflation in recent years, which might continue (including at elevated levels). In 2021, the annual consumer price index ("*CPI*") inflation rate was 36.1%, 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 64.3% and the domestic producer price inflation rate was 97.7%. In 2023, the effects of monetary tightening on financial conditions and on domestic demand had some positive impacts on inflation expectations and price-setting behaviour in the second half of 2023; *however*, even though CPI data in the last quarter of 2023 signalled a slowdown in monthly inflation, year-on-year inflation rose to 64.7% and 44.2%, respectively, for 2023 due to the ongoing reverse base effect, 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. As of August 2024, such CPI and domestic producer price inflation rates had changed to 52.0% and 35.8%, respectively. 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.

On 29 December 2023, the Central Bank released its 2024 Monetary Policy Report. In this report, the Central Bank maintained a medium-term inflation target of 5%, set jointly with the government, and the Central Bank stated that steps will continue to be taken to prioritise Turkish Lira-denominated deposits, with a target of increasing the share of Turkish Lira deposits in the banking system to 50% while continuing the reduction in the balance of foreign currency-protected deposits (which remains a contingent liability risk for the Central Bank). To achieve this goal, the Central Bank has disallowed banks to open new Turkish Lira convertible currency-hedged deposit accounts starting from 1 January 2024 and existing foreign currency-protected Turkish Lira deposits accounts will not be renewed upon maturity. In September 2024, the Turkish government published a new three-year economic growth programme (referred to as the "Medium Term Programme") under which the CPI inflation rate for such years was forecast to be 41.5%, 17.5%, 9.7% and 7.0%, respectively; *however*, many market participants have published higher forecasts, including in the near term.

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. On 11 January 2024, the BRSA announced that such will apply for banks for accounting periods starting from 1 January 2025. As a result: (a) the BRSA Financial Statements incorporated by reference herein have not applied, and the BRSA Financial Statements for the remainder of 2024 will not apply, the inflation adjustment standards of TAS 29, (b) such inflation adjustments are expected to be applied starting from the BRSA Financial Statements as of and for the three months ended 31 March 2025 and (c) the Group's and the Bank's

BRSA Financial Statements for 2025 and thereafter will not be comparable to financial statements from earlier periods prepared without such inflation adjustment. In addition, as of and from 31 December 2023 until the full inflation adjustments are made in 2025, 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.

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.

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 Offering Circular, the Bank has not 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 (this regulation was repealed as of 9 May 2024 and thus is only applicable to the BRSA Annual Financial Statements as of and for the year ended 31 December 2023) (see also "Turkish Regulatory Environment - Liquidity and Reserve Requirements" with respect to certain other actions taken since August 2022),

(h) as part of the government's effort to de-dollarise the economy, on 24 June 2022 (as amended), 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, and

(i) the Communiqué Regarding Reserve Requirements (the "*Communiqué Regarding Reserve Requirements*"), which was amended on 7 March 2024 so that, if the growth rate for certain categories of cash loans (*i.e.*, general purpose loans, vehicle loans and certain types of commercial loans) extended by a bank or financing company for any four-week calculation period (beginning with the first such period ending 29 March 2024 through the four-week calculation period ending 3 January 2025) exceeds 2% (which itself was amended to 1.5% on 20 July 2024 with respect to foreign currency loans) (each category of loans being considered separately) when compared to the amount of such category of cash loans as of the end of the previous four-week calculation period, then such bank or financing company is required to maintain additional blocked Turkish Lira reserves in an amount equal to such excess (on 9 May 2024, the Central Bank further amended the Communiqué Regarding Reserve Requirements so that this reserve requirement does not apply to banks and financing companies that are below a benchmark ratio (to be determined by the Central Bank) of loans to the total size of the balance sheet) (see "Turkish Regulatory Environment - Liquidity and Reserve Requirements" for more information regarding the Communiqué Regarding Reserve Requirements).

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 the 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. 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 36.6% 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 significant depreciation of the Turkish Lira over recent years 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 decreased from 3.9% as of 31 December 2021 to 1.7% as of 31 December 2022, to 1.4% as of 31 December 2023 and then to 1.3% as of 30 June 2024 and the Stage 2 loans-to-performing loans ratio was 16.0%, 8.3%, 8.3% and 7.7%, respectively, as of such dates. The Group's provisions for loans increased to TL 1.3 billion as of 30 June 2024, which had decreased to TL 1.2 billion as of 31 December 2023 from TL 1.3 billion as of 31 December 2022, itself an increase from TL 0.9 billion as of 31 December 2021. 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 2021, 2022, 2023 and 2024, the Group periodically sold portions of its NPL portfolio when market conditions were attractive to do so. During the first six months of 2024, NPLs amounting to TL 266,763 thousand were sold for a consideration of TL 99,866 thousand (TL 237,035 thousand and TL 65,111 thousand, respectively, in the first six months of 2023, TL 422,626 thousand and TL 135,461 thousand, respectively, in full year 2023, TL 94,398 thousand and TL 22,537 thousand, respectively, in 2022 and TL 209,290 thousand and TL 27,916 thousand, respectively, in 2021). If the Group had not sold part of its NPL portfolio during these periods, then the Group's NPL ratios as of 31 December 2021, 2022 and 2023 and 30 June 2024 would have been higher.

The Group has significant 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 Offering Circular) 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 corporate and commercial loans (including SMEs), which renders it susceptible to any deterioration in the financial condition of such industries and borrowers

Cash loans to the Group's 100 and 200 largest cash loan customers as of 31 December 2021, 2022 and 2023 and 30 June 2024 represented 45.2% and 50.5%, 28.9% and 34.7%, 29.4% and 33.8% and 30.6% and 35.8%, respectively, of its total cash loans (87.2% and 96.5%, 91.6% and 97.8%, 95.3% and 99.0% and 96.7% and 99.4%, respectively, of total non-cash loans). In terms of sector concentration, the: (a) wholesale and retail trade, (b) construction, (c) metal products and (d) chemicals sectors represented the largest concentrations as of 30 June 2024 (23.0%, 7.7%, 6.3% and 5.4%, respectively, of the Group's total cash loans (excluding retail loans) and 13.0%, 9.6%, 9.1% and 5.5%, respectively, of the Group's total non-cash loans).

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

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. 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 June 2024, 73.1% of the Group's investment securities (net) (16.9% of its total assets and equal to 146.1% of its total shareholders' equity) was invested in Turkish government debt securities (74.9%, 15.8% and 153.6%, respectively, as of 31 December 2023, 85.1%, 14.5% and 163.0%, respectively, as of 31 December 2022 and 77.0%, 9.4% and 179.8%, respectively, as of 31 December 2021). Starting from 2022 in particular, there was a significant increase in the amount of reserves held at the Central Bank and 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").

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 Investors Service Limited ("*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). On 8 September 2023, Fitch revised the outlook on Türkiye's sovereign ratings from negative to stable. On 12 January 2024, Moody's revised the outlook on Türkiye's sovereign rating to positive from stable. On 8 March 2024, Fitch upgraded Türkiye's long-term foreign currency issuer default credit rating to "B+" (with a positive outlook). On 19 July 2024, Moody's upgraded Türkiye's sovereign rating to "B1" (with a positive outlook). On 6 September 2024, Fitch upgraded Türkiye's long-term foreign currency issuer default credit rating to "BB-" (with a stable 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 depreciated against the U.S. dollar by 43.4% in 2021, 28.7% in 2022 and 36.6% 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. 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, the Bank has swapped foreign currencies for Turkish Lira, which 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.

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 of the Turkish Lira by 36.6% against the U.S. dollar in 2023, the Turkish Lira-equivalent value of the Group's foreign currency-denominated assets and liabilities increased significantly in 2023.

The share of Turkish Lira-denominated assets and liabilities in the Group's balance sheet increased from 46.9% and 48.0%, respectively, as of 31 December 2021 to 58.8% and 60.0%, respectively, as of 31 December 2022 and then to 65.6% and 65.2%, respectively, as of 31 December 2023, in both years largely due to the depreciation of the Turkish Lira (foreign exchange-denominated deposits (which do not include currency-protected deposits as those are booked as Turkish Lira deposits) decreased by 5.6% and increased by 24.8%, respectively, in Turkish Lira terms in 2022 and 2023 while foreign exchange-denominated loans decreased by 4.5% and increased by 58.6%, respectively, in Turkish Lira terms during such years). The share of Turkish Lira-denominated assets and liabilities in the Group's balance sheet increased again to 67.7% and 68.4%, respectively, as of 30 June 2024, largely as foreign exchange-denominated deposits decreased by 3.6% in the first six months of 2024 whereas foreign exchange-denominated loans increased by 10.2% during such period. 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 Turkish corporate customers), then it would be more difficult for the Group's counterparties 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 counterparties 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 June 2024, foreign currency-denominated loans (including applicable lease receivables and factoring receivables) comprised 17.4% of the Group's loan portfolio (29.3%, 15.8% and 18.8%, respectively, as of 31 December 2021, 2022 and 2023) (as of 30 June 2024, euro-denominated obligations were the most significant).

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 27.1% of the Group's operating income for the first six months of 2024 (52.0%, 31.2% and 2.3%, respectively, for full year 2021, 2022 and 2023) and the net interest margin was 4.79% in the first six months of 2024 (4.20%, 5.25% and 0.38%, respectively, in full year 2021, 2022 and 2023). 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. On the other hand, during periods of compressed net interest margins as in 2023, net commission income is of increased importance - the Group's net interest margin including net commissions for 2021, 2022, 2023 and the first six months of 2024 was 5.31%, 6.78%, 5.41% and 8.90%, respectively.

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 and first quarter of 2024 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.

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 three months or less) as its source of funding and has a mix of short-, medium- and long-term assets in the form (*inter alia*) of retail loans and loans to corporations 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 loan-to-deposit ratio was 89.8%, 100.4%, 78.0% and 80.9%, respectively, as of 31 December 2021, 2022 and 2023 and 30 June 2024. If the Group's retail 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. 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 trade loans, syndicated and bilateral loans, 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 17.0%, 21.6%, 16.5% and 17.7%, respectively, of its assets as of 31 December 2021, 2022 and 2023 and 30 June 2024. 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 16.3%, 19.3%, 16.5% and 16.4%, respectively, of its assets as of 31 December 2021, 2022 and 2023 and 30 June 2024. 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). 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 might occur at a time of increasing inflation and resultant tightening by central banks) 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 for deposits, 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 June 2024 (according to the Banks Association of Türkiye), the top seven banking groups in Türkiye (including the Group), three of which were state-controlled, held 77.3% of the Turkish banking sector's total loan portfolio in Türkiye, 77.8% of the total bank assets in Türkiye and 84.1% 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 financial institutions, might increase competition in the market, particularly as foreign competitors might have greater resources and more cost-effective funding sources (particularly for foreign currency) than the Group.

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 (including due to any negative effect on its reputation). 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, including any of the above relating to the environment (including as a result of the operations of its customers and other counterparties), then the Group's losses from such risks might be greater than expected, which might have a material adverse effect on the Group's 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 monitor and 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 financial institutions, 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 monitor and 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 increased digitalisation of banking services). The proper functioning of the Group's financial 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 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.

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

Controlling Shareholder – The Group intends to continue its dealings with Fiba Holding and other shareholders 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 its related parties (including its shareholder Fiba Holding and the other members of the Fiba Group (defined below)). With respect to the Bank, all credits with respect to, and services provided to, its related parties (including Fiba Holding and the other members of the Fiba Group) are made on an arm's-length basis and board members who are also on the board of the concerned related party cannot participate in the vote relating to the applicable transaction. The Group has purchased and sold assets and services to/from Fiba Holding and the other members of the Fiba

Group from time to time 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 could result in, conflicting interests. See "Related Party Transactions."

As a majority of the members of the Board are associated with Fiba Holding, the opinions held by the Bank's directors might be the same as the views of the Bank's management and thus the Bank's Board might not present an independent voice to balance against the views of the Bank's management.

The interests of the Bank's shareholders (including the Fiba 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. Furthermore, the Bank's shareholders might disagree on material matters of policy relating to the Group, which disagreements might result in disputes between the shareholders, negatively impact the ability of the Group to take actions and/or result in negative publicity regarding the Group. The occurrence of these or similar circumstances might have a material adverse effect on the Group's business, financial condition and/or results of operations. See "Ownership."

Audit Qualification – The auditor's reports in relation to the Group's and the Bank's financial statements have included a qualification and reports in relation to future financial statements might include similar qualifications

The independent auditor's report included in each of the BRSA Financial Statements incorporated by reference herein was qualified with respect to free provisions that were allocated by the Bank's management. For example, such report in the Group's BRSA Annual Financial Statements as of and for the year ended 31 December 2023 states that the qualification was the result of the free reserves: "provided by the Group [sic] management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions[,] which does not meet the recognition criteria of TAS 37 'Provisions, Contingent Liabilities and Contingent Assets.'" See also the auditor's report included in each of the BRSA Financial Statements incorporated by reference herein. Similar qualifications might be included in the corresponding audit or review reports for future fiscal periods.

The Group allocated free reserves amounting to: (a) TL 337.0 million as of 31 December 2021, (b) after an increase of TL 983.0 million in 2022, TL 1,320.0 million as of 31 December 2022, (c) after a further increase of TL 266.0 million in 2023, TL 1,586.0 million as of 31 December 2023, and (d) after a decrease of TL 256.0 million in the first six months of 2024, TL 1,330.0 million as of 30 June 2024.

Although free reserves do not impact the Group's level of tax, the Group's capital adequacy ratios and net profit/(loss) might otherwise be higher in the periods in which such reserves are established and lower in the periods in which such reserves are reversed.

The independent auditor's report included in each of the BRSA Annual Financial Statements as of and for the year ended 31 December 2023 and the BRSA Interim Financial Statements also includes a qualification with respect to deferred tax not recognised by the Bank by calculating the temporary differences arising from inflation accounting between the BRSA Financial Statements (which are not adjusted for inflation) and tax-based financial statements (which are adjusted for inflation). The independent auditor's report included in the BRSA Annual Financial Statements as of and for the year ended 31 December 2023 contains a qualification with respect to deferred tax not recognised by the Bank by calculating the temporary differences arising from inflation accounting between the BRSA Financial Statements (which are not adjusted for inflation) and tax-based financial statements (which are adjusted for inflation). As of 30 June 2024, the Bank recognised the related deferred tax amount on its financial information as of 31 March 2024 by considering its balance sheet prepared in accordance with inflation accounting for tax purpose. If the Bank had taken the related balance sheet prepared in accordance with inflation accounting for tax purpose into consideration in the deferred tax calculation as of 31 December 2023, then deferred tax income and net profit for 2023 would each have been reduced by TL 758.5 million and (on the BRSA Interim Financial Statements) income for the first six months of 2023 would have been increased by TL 758.5 million.

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.

Intended Growth – The Group's plan for growth might not be achieved or might create additional risks

The Bank is a small bank in the Turkish market and its management has plans to continue to grow the business significantly in ecosystem and digital banking in the coming years in order to increase profitability and create a more efficient and diverse business model. The Bank has also implemented significant changes to its business and operations since 2017 through the adoption of this new business model. See "The Group and its Business – Strategy." Risks associated with the implementation of the Bank's business model and growth strategy include higher than anticipated IT investment costs, an inability to profitably deploy new products, new business operations (including the deployment of new products) having less profit potential than expected (or none at all) and demonstrating lower overall growth than the Bank anticipates, a failure to identify and offer attractive new services in a timely fashion relative to competitors and pressure on profits owing to the time lag between the incurrence of expansion costs and any related future increases in income. The Bank's growth strategy might not be successful, which might result in limited growth or in it failing to grow at all.

Growth itself also might create additional risks for the Group, including increasing exposure to different industries or market segments, greater complexity in its operations and heightened competitive pressures. Any failure by the Bank to manage growth while at the same time ensuring that it maintains adequate focus on existing operations, including risk management systems and internal control processes, might have a material adverse effect on its asset quality, profitability and/or capital ratios, and, in turn, on its business, financial condition and/or results of operations.

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 deeply 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 a 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 deeply subordinated, unsecured and unguaranteed

The Bank's obligations under the Notes will constitute deeply 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 (including Tier 2 Instruments) 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 Offering Circular 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 indebtedness of the Issuer that is 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.

Trigger Event Reductions – The interest payable on, and Prevailing Principal Amount of, a Note might be cancelled or Written Down, respectively, upon the occurrence of a Trigger Event

The Notes are being issued for regulatory capital adequacy purposes with the intention of being eligible as Additional Tier 1 Capital of the Issuer. Such eligibility depends upon a number of requirements being satisfied, which requirements are reflected in the Conditions and, in particular, require that the Notes be available to absorb losses of the Issuer and/or the Group.

Accordingly, if at any time the CET1 Ratio(s) of the Issuer and/or the Group, in each case as determined by the Issuer, is/are less than 5.125% (a "*Trigger Event*"), then the Issuer will effect a Trigger Event Interest Cancellation and, if such is insufficient to restore the CET1 Ratio(s) of the Issuer and/or the Group, as the case may be, to 5.125%, then the Issuer will (without any requirement for the consent or approval of the Noteholders) reduce the then Prevailing Principal Amount of each Note by the relevant Trigger Event Write-Down Amount (*i.e.*, a Trigger Event Write-Down), both in the manner described in Condition 6.1. As noted in such Condition, any Trigger Event Write-Down of the Notes will (except as may otherwise be required by Applicable Banking Regulations) be effected taking into account the write-down, conversion into equity or other similar or equivalent action relating to each Other Trigger Event Loss-Absorbing Instrument to the extent required to restore the CET1 Ratio(s) of the Issuer and/or the Group, as applicable, to the lower of: (a) the Specified Trigger Threshold of such Other Trigger Event Loss-Absorbing Instrument and (b) 5.125% (or, if lower than such lower level, to the highest level possible); *however*, with respect to each Other Trigger Event Loss-Absorbing Instrument, such will be so taken into account only up to the amount by which it is possible for such Other Trigger Event Loss-Absorbing Instrument in accordance with its terms to be written down, converted into equity or otherwise impacted on up to a *pro rata* basis with any Trigger Event Write-Down of the Notes) (a similar approach applies with respect to the cancellation of interest).

As a result: (a) any Trigger Event Write-Down of the Notes will not take into account any further write-downs, conversion into equity or other similar or equivalent actions with respect to any Other Trigger Event Loss-Absorbing Instrument ("*Further Write-Downs*") in determining the Trigger Event Write-Down Amount applicable to the Notes and (b) the Trigger Event Write-Down of the Notes and any concurrent write-down, conversion into equity or other similar or equivalent action with respect to Other Trigger Event Loss-Absorbing Instruments might result in the CET1 Ratio(s) of the Issuer and/or the Group being increased to a level greater than 5.125% since, while the Conditions assume that the Notes and Other Trigger Event Loss-Absorbing Instruments are impacted in a *pro rata* manner, the terms of one or more of the Other Trigger Event Loss-Absorbing Instruments might require such a Further Write-Down. In other words, the Trigger Event Write-Down Amount of the Notes would not be reduced by the fact that one or more of the Other Trigger Event Loss-Absorbing Instruments actually is written down, converted into equity or otherwise impacted to a greater extent than on a *pro rata* basis with the Notes, which further impact would otherwise have allowed for a reduced impact on the Notes. Conversely, as the Notes cannot impose a write-down, conversion into equity or other impact on any Other Trigger Event Loss-Absorbing Instrument but rather just (for purposes of calculating the Trigger Event Write-Down Amount) assume that such is the case, the CET1 Ratio(s) of the Issuer and/or the Group might be lower than 5.125% immediately after any Trigger Event Write-Down of the Notes.

To the extent such write-down, conversion into equity or other similar or equivalent action relating to any Other Trigger Event Loss-Absorbing Instrument is not possible as a result of Applicable Banking Regulations, the terms of such Other Trigger Event Loss-Absorbing Instrument or otherwise, this will not in any way impact any Trigger Event Write-Down of the Notes and the only consequence will be that the Prevailing Principal Amount of each Note will be Written Down, and the Trigger Event Write-Down Amount will be determined, without taking into account any such write-down, conversion into equity or other similar or equivalent action relating to such Other Trigger Event Loss-Absorbing Instrument (and similarly with respect to the cancellation of interest).

Notwithstanding anything else herein to the contrary, the calculations of any Trigger Event Write-Down Amount at any time will take into account any write-downs, conversion into equity or other similar or equivalent actions in respect of any securities, other instruments, loans and other obligations of any Subsidiary of the Issuer (including any that is also an Other Trigger Event Loss-Absorbing Instrument) to the extent that (by the terms of such securities, other instruments, loans and other obligations) such actions are at such time to be taken as a result of a capital adequacy or other calculation relating to any Person(s) that consolidate into such Subsidiary and/or such Subsidiary itself. For example, if a Subsidiary of the Issuer has outstanding its own Additional Tier 1 Instrument and such obligation provides for its write-down upon such Subsidiary's own common equity tier 1 ("*CET1*") ratio falling below 5.125% (which might, in fact, be the reason why the Group's CET1 Ratio is below 5.125%) and such Subsidiary does in fact breach such threshold, then the calculations of the Trigger Event Interest Cancellation and Trigger Event Write-Down Amount of the Notes will be made assuming that such write-down of such Subsidiary's Additional Tier 1 Instrument is effected to the maximum extent permitted thereunder.

The occurrence of a Trigger Event, a Trigger Event Interest Cancellation or a Trigger Event Write-Down of the Notes may occur at any time and on more than one occasion and, as provided in Condition 6.3, will not constitute a default or the occurrence of any event related to the bankruptcy 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 winding-up, dissolution or liquidation of the Issuer. Following any Trigger Event Write-Down, Noteholders' claims in respect of principal will be based upon the reduced Prevailing Principal Amount; *however*, such Prevailing Principal Amount might be subject to reinstatement as described in Condition 6.5 (*it being understood* that, subject to compliance with Applicable Banking Regulations (including, if required by Applicable Banking Regulations, to having obtained the prior approval of the BRSA), it is in the Issuer's sole and absolute discretion whether to effect any such reinstatement).

Potential investors in the Notes should also consider that if any Trigger Event Write-Down occurs, interest will thereafter only accrue on the reduced Prevailing Principal Amount of each Note, which (unless fully reinstated as described in Condition 6.5) will be lower than the Initial Principal Amount of such Note. In addition, any redemption of the Notes pursuant to Condition 8.2, upon the occurrence of a Tax Event as described in Condition 8.3 or upon the occurrence of a Capital Disqualification Event as described in Condition 8.4 following any such Trigger Event Write-Down will be at the reduced Prevailing Principal Amount of each Note, which similarly might be lower than its Initial Principal Amount.

Furthermore, the occurrence of a Trigger Event Write-Down of the Notes and/or Trigger Event Interest Cancellation will not prohibit or otherwise restrict the Issuer's ability to make Distributions on any Ordinary Shares or other class of share capital of the Issuer or make any other payments on Junior Obligations and/or Parity Obligations other than as described in Condition 5.11 (which might not effectively bind the Issuer's board of directors as it is not a party to the Notes and does not bind the Issuer's shareholders). Condition 5.11 provides that the board of directors of the Issuer are not, directly or indirectly, to recommend (or, if proposed by shareholders of the Issuer, are to recommend to the shareholders of the Issuer that they reject) the payment of any optional Distribution (other than in the form of Ordinary Shares or any other class of share capital of the Issuer) on any Ordinary Shares or other class of share capital of the Issuer except to the extent that such Distribution is required by the articles of association and/or other constitutional documents of the Issuer or by Applicable Banking Regulations and/or other applicable law. As a result, other Distributions, including Distributions required by the Issuer's articles of incorporation, may be made.

As of the date hereof, Article 32 of the Issuer's articles of incorporation provides that net profit for a period is to be calculated by deducting all costs, depreciation, interest, commissions, expenses (such as salaries, wages and bonuses paid to employees), expenses incurred for the management and execution of the Issuer's business and social and charitable payments and provisions for such period from the commercial profit for such period. Of such net profit, 5% is to be set aside as legal reserves and then a first dividend at the rate of 5% of the paid-in capital is to be allocated from the remaining net profit. After such allocations have been made, the remaining net profit may be allocated as discretionary reserves or distributed as dividends to shareholders, members of the board of directors and personnel at a rate to be determined by the Issuer's General Assembly. In addition, as of the date hereof, Turkish law sets forth certain rules on the determination of the amount of dividends with respect to the additional core capital requirement of such bank as described in "Additional Tier 1 Rules - Distributable Items and Maximum Distributable Amount - BRSA restrictions" and banks must also obtain the approval of BRSA before making any dividend distribution.

To the extent the Issuer wishes to exercise its discretion to Write-Up the Notes, then such Write-Up can only be effected subject to compliance with Applicable Banking Regulations (including, if required by Applicable Banking Regulations, to having obtained the prior approval of the BRSA) as noted above. In addition, a Write-Up may only occur if (among other conditions) a positive Distributable Net Profit was calculated with respect to the most recent published audited annual BRSA Financial Statements of the Issuer and will be subject to the Maximum Distributable Amount (if any) then applicable to the

Issuer (on a bank-only and consolidated basis) (when the amount of the Write-Up is aggregated with any other Relevant Distributions) not being exceeded thereby. See Condition 6.5.

Investors should note that the risk of a Trigger Event (and thus of a Trigger Event Interest Cancellation and/or Trigger Event Write-Down) is an appreciable risk and is not limited to the bankruptcy or insolvency of the Issuer. It might result in Noteholders losing some or even all of their investment in the Notes. Due to the limited circumstances in which a Write-Up of the Notes may be undertaken (and its nature of being subject to the sole and absolute discretion of the Issuer), any reinstatement of the principal amount of the Notes might only take place over an extended period of time (if at all) and would not occur with respect to any Notes that have been redeemed at their then-applicable Prevailing Principal Amount pursuant to Condition 8.2 or upon the occurrence of a Tax Event or Capital Disqualification Event.

Any Trigger Event Interest Cancellation or Trigger Event Write-Down, or even the expectation or suggestion of a Trigger 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. There is also no assurance that any Write-Up will be possible or, if otherwise possible, that the Issuer will exercise its discretion to effect any Write-Up.

Non-Viability Event Reductions – The interest payable on, and Prevailing Principal Amount of, a Note might be cancelled or permanently Written Down, respectively, upon the occurrence of a Non-Viability Event

If a Non-Viability Event occurs at any time, then: (a) the Issuer will be required to cancel (pursuant to Condition 5.5) any interest in respect of the Notes accrued and unpaid to (but excluding) the date of occurrence of that Non-Viability Event (including if payable on such date) and (b) 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 6.2. A Non-Viability Event is defined in Condition 6.6 as 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. The Issuer is Non-Viable 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.

In conjunction with any determination of Non-Viability of the Issuer by the BRSA: (i) losses might be absorbed by shareholders of the Issuer pursuant to Article 71 of the Banking Law upon 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 (ii) the BRSA might require the revocation of the Issuer's operating licence and its liquidation; *however*, the Non-Viability Event Write-Down of the Notes might take place before any such transfer or liquidation.

As noted in the italicised paragraphs in Condition 6.2, while the Notes may be Written Down before any transfer or liquidation as described in the preceding paragraph, a Non-Viability Event 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 Non-Viability Event 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 Non-Viability Event Write-Down.

Any Non-Viability Event Write-Down of the Notes would be permanent and the Noteholders will have no further claim against the Issuer in respect of any Non-Viability Written-Down Amount or any such interest cancellation. 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 Offering Circular, 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 Non-Viability Event 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 6.2; *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.

In addition, a Non-Viability Event might occur prior to the occurrence of a Trigger Event. 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 Non-Viability Event Write-Down of the Notes, including for the definitions of various terms used in this risk factor.

Cancellation of Interest – Payments of interest on the Notes are discretionary and subject to the fulfilment of certain conditions and may also be required to be cancelled in certain circumstances

The Notes accrue interest as described in Condition 5; *however*, the Issuer may elect, in its sole and absolute discretion, to cancel any payment of interest in whole or in part at any time and for any reason as described in Condition 5.5. In addition, there can be no assurance that the Issuer will elect to pay interest on the Notes on any Interest Payment Date or at all.

Any payments of interest (and, if applicable, Additional Amounts pursuant to Condition 9.1) in respect of the Notes will be made only out of Distributable Items of the Issuer. To the extent that: (a) as of the otherwise required time of any payment in respect of the Notes, the Issuer has insufficient remaining Distributable Items for the applicable fiscal year of the Issuer to make such payment and all other interest payments (and, if applicable, tax gross-up payments with respect thereto) or distributions (and, if applicable, tax gross-up payments with respect thereto) (if any) required and/or already publicly announced and scheduled to be paid out of such remaining Distributable Items in the remainder of such fiscal year (subject to certain exceptions described in Condition 5.6), and/or (b) the BRSA, in accordance with Applicable Banking Regulations then in force, requires the Issuer to cancel the relevant payment of interest in respect of the Notes in whole or in part, then the Issuer will, without prejudice to its right in Condition 5.5 to cancel any such payment of interest in respect of the Notes, make partial or, as the case may be, no payment of interest (and, if applicable, Additional Amounts pursuant to Condition 9.1) in respect of the Notes.

Condition 5.6 also provides that no payment of any amount of interest (and, if applicable, Additional Amounts pursuant to Condition 9.1) will be made in respect of the Notes if and to the extent that such payment would cause: (a) the Maximum Distributable Amount (if any) then applicable to the Issuer (on a bank-only and consolidated basis) to be exceeded; *provided* that a partial payment of interest (and, if applicable, such Additional Amounts) may be made to the extent that such partial payment does not cause the relevant Maximum Distributable Amount to be exceeded, or (b) a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Instruments pursuant to Applicable Banking Regulations. The calculation of the Maximum Distributable Amount is a complex calculation, which is subject to requirements applicable at the relevant time, and any shortfalls in CET1 Capital, Additional Tier 1 Capital and/or Tier 2 Capital will affect this calculation. The BRSA also has the authority to impose additional capital adequacy ratio requirements on a bank-by-bank basis and thus the minimum capital adequacy ratio requirements applicable as of the date of this Offering Circular for the purposes of the calculation of the Maximum Distributable Amount might change. For further information regarding the Maximum Distributable Amount, see "Additional Tier 1 Rules."

Finally, interest on the Notes might be cancelled as a result of the occurrence of a Trigger Event or a Non-Viability Event as described in the applicable risk factors above.

There can, therefore, be no assurance that a Noteholder will receive payments of interest in respect of the Notes. Interest payments in respect of the Notes will be non-cumulative. Accordingly, if any payment of interest (or part thereof) is not made in respect of the Notes as a result of any cancellation of such payment of interest pursuant to the provisions of Condition 5 or for any other reason described in the Conditions, then the right of the Noteholders to receive the relevant interest payment (or part thereof) will immediately and automatically be extinguished and the Issuer will have no obligation to pay such interest (or part thereof) or to pay any interest thereon, whether or not interest on the Notes is paid in respect of any future Interest Period.

No cancellation of the payment of any interest (or part thereof) or non-payment of any interest (and Additional Amount, as applicable) (or part thereof) on the Notes will constitute a default or the occurrence of any event related to the bankruptcy 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 winding-up, dissolution or liquidation of the Issuer or in any way limit or restrict the Issuer from making any payment of interest, tax gross-up or similar payment or other distribution in connection with any Junior Obligation or Parity Obligation other than as described in Condition 5.11 (which might not effectively bind the Issuer's board of directors as it is not a party to the Notes and does not bind the Issuer's shareholders and, in any event, Condition 5.11 permits the board to recommend Distributions as noted in "-Trigger Event Reductions" above). As a result, payments might be paid to the holders of Junior Obligations and/or Parity Obligations even though payments under the Notes have been cancelled.

Any actual, expected or suggested cancellation of interest on the Notes will likely have an adverse effect on the value and/or market price of an investment in the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of an investment in the Notes might be more volatile than the market prices of other debt securities on which interest accrues that is not subject to such cancellation, and the Notes might be more sensitive generally to adverse changes in the Issuer's and/or the Group's financial condition. For example, any indication that the Issuer might not have sufficient Distributable Items or of the depletion of a Maximum Distributable Amount might have an adverse effect on the market price of an investment in the Notes.

Unpredictable Nature of a Trigger Event, a Non-Viability Event and the Cancellation of any Payment of Interest – The circumstances that might give rise to a Trigger Event, a Non-Viability Event or the cancellation of any payment of interest on the Notes are unpredictable

The occurrence of a Trigger Event, a Non-Viability Event and the cancellation of any payment of interest on the Notes 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 Trigger Event, a Non-Viability Event and/or the optional or mandatory cancellation of any payment of interest on the Notes. In addition, the occurrence of a Trigger Event depends upon the calculation of the CET1 Ratio (which is to be determined by the Issuer) and payments of interest in respect of the Notes will be made only out of Distributable Items and subject to any Maximum Distributable Amount not being exceeded as a result of any such payment, each of which can be affected, among other things, by the success of the business of the Issuer and/or other members of the Group, changes in regulations or accounting rules, expected payments by the Issuer and/or other members of the Group in respect of dividends and other payments in respect of instruments ranking junior to the Notes or other Additional Tier 1 Instruments, regulatory changes (including: (a) in the case of the calculation of the CET1 Ratio and any Maximum Distributable Amount, possible changes in regulatory capital definitions and calculations and the definition and calculation of risk-weighted assets, and (b) in the case of Distributable Items, possible changes in reserve requirements and the items eligible for such distribution) and the Issuer's and the Group's ability to actively manage risk-weighted assets. The availability of Distributable Items for any payments of interest on the Notes and the making of such payments being subject to a Maximum Distributable Amount could also change at any time and with limited warning.

The usual reporting cycle of the Issuer is for the CET1 Ratio of the Issuer and the Group to be reported on a quarterly basis in conjunction with the publication of the Issuer's financial statements and, as a result, investors in the Notes might have limited advance warning of any significant deterioration in a CET1 Ratio. In addition, since the BRSA may require the Issuer and/or the Group to calculate a CET1 Ratio at any time, a Trigger Event could occur at any time.

Due to the inherent unpredictability of the occurrence of a Trigger Event, Non-Viability Event or cancellation of any interest payment in respect of the Notes, it is not possible to predict when, if at all, the Notes will be subject to a Write-Down or the cancellation of an interest payment. 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 Trigger Event, a Non-Viability Event or the cancellation of interest payments in respect of the Notes 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 or on any obligations that any other member of the Group 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) 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

The Issuer is under no obligation to redeem the Notes at any time and the Noteholders have no right to call for their redemption. As described in Condition 11, if: (a) a Subordination Event occurs or (b) any order is made by any competent court, or resolution is passed, for the winding-up, dissolution or liquidation of the Issuer (*i.e.*, an Enforcement Event), then the holder of any Note may claim or prove in the winding-up, dissolution or liquidation of the Issuer but (in either case) may take no further or other action to enforce, claim or prove for any payment by the Issuer in respect of the Notes and may only claim such payment in the winding-up, dissolution or liquidation of the Issuer.

If any Enforcement Event occurs, then the holder of any outstanding Note may give notice to the Issuer that such Note is, and such Note will 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 (if not cancelled pursuant to Condition 5), subject to the subordination provisions described under Condition 3.1.

Noteholders may (as described in Condition 11) institute proceedings against the Issuer to enforce any obligation, condition, undertaking or provision binding upon the Issuer under the Notes (other than, without prejudice to the above paragraphs, any obligation for the payment of any principal or interest in respect of the Notes); *provided* that the Issuer will 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 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.

In addition, in accordance with Condition 3.2, all payment obligations of, and payments made by, the Issuer under and in respect of the Notes will 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.

Reset Interest Rate – The interest rate on the Notes will be reset on each Reset 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 First Reset Date. On each Reset Date, 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 and/or the Interest Rate applicable to the Notes prior to any such reset. In addition, the Reset Margin used in calculating each Reset Interest Rate might, on any Reset Date, be lower than the margin that would apply to a similar security being issued on such Reset 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. 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.

At the option of the Issuer: In accordance with Condition 8.2, 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 from (and including) the fifth anniversary of the Issue Date (*i.e.*, 7 October 2029) to (and including) the First Reset Date or on any Interest Payment Date thereafter, in each case at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) such date of redemption. As of the date of this Offering Circular, the approval of the BRSA is required by applicable law and (under Article 7(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 "Additional Tier 1 - Calculation of Additional Tier 1 Capital"). The Issuer will have the right to redeem the Notes pursuant to this optional redemption feature even following a Write-Down of the Notes and even, in the case of a Trigger Event Write-Down, notwithstanding that the Prevailing Principal Amount has not been restored to the Initial Principal Amount (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 or not to redeem the Notes in accordance with Condition 8.2 or if there is an anticipation that the Issuer will so redeem or not redeem the Notes, then this might lead to fluctuations in the market price of an investment in such Notes.

Taxation: If a Tax Event (as defined in Condition 8.3) 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 Offering Circular, 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 Council of Ministers' Decree No. 2009/14593 dated 12 January 2009, as amended by Decree No. 2010/1182 dated 20 December 2010, Decree No. 2011/1854 dated 26 April 2011 and Presidential Decree No. 842 dated 20 March 2019 (together, 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 Offering Circular on interest is 0%. Accordingly, as the Notes do not have a maturity date, 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.

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; *however*, pursuant to Condition 5.10, then: (a) the interest cancellation provisions in Conditions 5.5 through 5.9 will cease to apply to the Notes and (b) the Issuer will no longer have the discretion or obligation to cancel any interest payments due on the Notes following the occurrence of that Capital Disqualification Event.

Different Interests – The CET1 Ratio, Distributable Items and Maximum Distributable Amount will depend in part upon decisions made by the Issuer, which decisions might not be aligned with the interests of investors in the Notes

The CET1 Ratio, Distributable Items and Maximum Distributable Amount will depend in part upon decisions made by the Issuer (or its shareholders) and other entities in the Group (or their respective shareholders) relating to their businesses and operations, as well as the management of their capital position. The Issuer and other entities in the Group will have no obligation to consider the interests of Noteholders in connection with their strategic decisions, including in respect of capital management and the relationship among the various entities in the Group and the Group's structure. For example, the Issuer might decide not to raise capital at a time when it is feasible to do so even if raising such capital would have avoided the occurrence of a Trigger Event or the cancellation of interest payments as a result of a Maximum Distributable Amount otherwise being exceeded. The Issuer might also decide to pay a dividend on its Junior Obligations even if that might reduce its ability to pay interest on the Notes in the future. Noteholders will not have any claim against the Issuer relating to any such decisions, including if they result in the occurrence of a Trigger Event, a Non-Viability Event or the inability to pay interest on the Notes. Such decisions might cause Noteholders to lose some or even all of their investment in 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 Additional Tier 1 Securities or vary the terms of the Notes so that they remain or become Qualifying Additional Tier 1 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 8.3 or 8.4, as the case may be, the Issuer may, instead of giving notice to redeem the Notes pursuant to Condition 8.3 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 Additional Tier 1 Securities or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Additional Tier 1 Securities.

There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Additional Tier 1 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 Additional Tier 1 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 GEM) 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) 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 Offering Circular, 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 Offering Circular, 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 – Investors in the Notes might have indirect contact with Sanction Targets as a result of the Group's investments in and business with countries or persons on sanctions lists

Each of the United States, the United Nations Security Council, the UK, the EU and Türkiye have enacted and/or administer and/or enforce economic sanctions or restrictive 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 the Kherson, Zaporizhyzhya, Donetsk and Luhansk regions of Ukraine, 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. Fitch 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 Fitch nor the Issuer has any obligation to maintain any such credit rating during the life of the Notes.

In addition to the credit ratings of the Issuer and the Notes provided by Fitch, 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 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 Fitch 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 the European Securities and Markets Authority ("*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.

USE OF PROCEEDS

The Bank will incur various expenses in connection with the issuance of the Notes, including underwriting fees, legal counsel fees, rating agency expenses and listing expenses. Subject to the following paragraphs of this section, the net proceeds of the issuance of the Notes will be applied by the Bank for its general corporate purposes.

The Bank initiated a tender offer (the "*Tender Offer*") on 23 September 2024 for an aggregate nominal amount of the Existing Tier 2 Notes equal to no more than two-thirds of the aggregate nominal amount of the Notes (the "*Maximum Acceptance Amount*"), subject as set out in the tender offer memorandum dated 23 September 2024 (the "*Tender Offer Memorandum*"). The Tender Offer is expected to expire at 4:00 p.m. (London time) on 27 September 2024 (the "*Expiration Deadline*") and is expected to settle on 8 October 2024, unless extended, re-opened, withdrawn, amended or terminated by the Issuer (in its sole discretion). The Tender Offer is subject to the terms and conditions set forth in the Tender Offer Memorandum. Whether the Issuer will accept for purchase, and complete the purchase, of any Existing Tier 2 Notes validly tendered pursuant to the Tender Offer is subject (unless such condition is waived by the Issuer in its sole discretion), without limitation, to the successful completion (in the sole determination of the Issuer) of the issuance of the Notes; *however*, the issuance of the Notes is not conditioned upon the consummation of the Tender Offer. Any Existing Tier 2 Notes purchased pursuant to the Tender Offer are expected to be cancelled. The proceeds of the issuance of the Notes are intended to be used for such purpose to the extent that any Existing Tier 2 Notes are so purchased in the Tender Offer.

Should the Tender Offer result in a full cancellation/repayment of the Maximum Acceptance Amount of the Existing Tier 2 Notes, then the total capital adequacy ratios of the Group will be increased to reflect the issuance of the Notes but also reduced to reflect the elimination of such amount of the Existing Tier 2 Notes (60% of the outstanding amount of which, as of the date of this Offering Circular, currently is counted towards the Bank's capital).

Nothing in this Offering Circular constitutes an offer, invitation or recommendation to any holders of the Existing Tier 2 Notes to participate in the Tender Offer or a notice of redemption or satisfaction and discharge of the Existing Tier 2 Notes and the related agency agreement. Any such notice would be given in accordance with the terms of the agency agreement governing the Existing Tier 2 Notes. Before making a decision whether to tender any Existing Tier 2 Notes for purchase pursuant to the Tender Offer, holders of the Existing Tier 2 Notes should carefully consider all of the information in the Tender Offer Memorandum.

ADDITIONAL TIER 1 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 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 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.

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 "Turkish Regulatory Environment - 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.

Calculation of Additional Tier 1 Capital

According to the Equity Regulation, the amount of Additional Tier 1 Capital is to 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 (the "*Additional Tier 1 Conditions*"):

(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 (the "*Regulation on Capital Conservation and Countercyclical Capital Buffers*"), (B) the capital requirement derived as a result of an Internal Capital Adequacy Assessment Process ("*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 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 Ratio(s) to at least 5.125% (see "Risk Factors - Risks Relating to the Notes - Risks Relating to the Structure of the Notes - Trigger Event Reductions"); 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 (see "Risk Factors - Risks Relating to the Notes - Risks Relating to the Structure of the Notes - Non-Viability Event Reductions"), 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 the Additional Tier 1 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 the Additional Tier 1 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.

Regulatory Capital Communiqué

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.

The Regulatory Capital Communiqué: (a) requires issuers of Additional Tier 1 Instruments to mandate a locally licensed independent auditor to provide a report to the BRSA confirming that the terms and conditions of such debt are in full compliance with the requirements set forth under Article 7 of the Equity Regulation and (b) stipulates that the debt included in Additional Tier 1 Capital must be subject to write-off, write-down and/or conversion into equity before the debt included in the Tier 2 Capital of the bank. 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 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 have one month from the occurrence of a trigger event to decide whether it will make a permanent and/or temporary write-down of the Additional Tier 1 Instruments and to determine the amount of such temporary/permanent written-down or conversion into equity, without prejudice to any authority that the Banking Law grants to the BRSA. The BRSA is entitled to change such period of one month, if it deems necessary. 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.

As noted in clause (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. As of the end of the last fiscal year of the Bank for which financial statements have been published (*i.e.*, 31 December 2023), the Bank's Distributable Net Profit amounted to TL 3,885,705 thousand.

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; *however*, such is not applicable to the Notes as they do not provide for any potential conversion into equity.

Distributable Items and Maximum Distributable Amount

In the Conditions, the term "Distributable Items" for any fiscal year of the Issuer is defined (in accordance with clause (h) of "Calculation of Additional Tier 1 Capital" above) to mean those items that may be used by the Issuer for dividend distribution to its shareholders during such fiscal year in accordance with Applicable Distribution Regulations, including, without limitation, any retained earnings and other applicable reserves available for such distribution. As of the end of the last fiscal year of the Bank for which financial statements have been published (*i.e.*, 31 December 2023), the Bank's Distributable Items amounted to TL 3,885,705 thousand, which amount then applies for distributions during fiscal year 2024 (the amount of Distributable Items that will apply during later fiscal years will be calculable when the audited annual financial statements for the applicable previous fiscal year have been published). As the Bank had TL 1,586,000 thousand of free reserves as of 31 December 2023, the Bank's Distributable Items for fiscal year 2024 would be TL 5,471,705 thousand if such free reserves were included in the calculation.

Condition 5.6 also provides that no payment of any amount of interest (and, if applicable, Additional Amounts pursuant to Condition 9.1) will be made in respect of the Notes if and to the extent that such payment would cause: (a) the Maximum Distributable Amount (if any) then applicable to the Issuer (on a bank-only and consolidated basis) to be exceeded; *provided* that a partial payment of interest (and, if applicable, such Additional Amounts) may be made to the extent that such partial payment does not cause the relevant Maximum Distributable Amount to be exceeded. The calculation of the Maximum Distributable Amount is a complex calculation, which is subject to requirements applicable at the relevant time, and any shortfalls in CET1 Capital, Additional Tier 1 Capital and/or Tier 2 Capital will affect this calculation.

The D-SIBs Regulation introduced further CET1 Capital requirements for D-SIBs, which requirements are taken into account for the purposes of calculating: (a) the "additional" CET1 Capital and (b) the maximum dividend distribution ratio. In particular, the D-SIBs Regulation requires banks identified as D-SIBs to maintain a capital buffer depending upon their respective classification (3.0% for Group 4 banks, 2.0% for Group 3 banks, 1.5% for Group 2 banks and 1.0% for Group 1 banks); *however*, as of the date of this Offering Circular, the Bank is not classified as a D-SIB under the D-SIBs Regulation.

As of 30 June 2024, the CET1 Ratios of the Bank and the Group were 10.28% and 10.63%, respectively, which are based upon risk-weighted assets of TL 104,082 million and TL 104,661 million, respectively, as of such date. Were the CET1 Ratios to be calculated as of such date without giving effect to the BRSA's regulatory forbearances described in "Turkish Regulatory Environment – Additional Temporary Measures," they would have been 8.90% and 9.21%, respectively, based upon risk-weighted assets of TL 120,206 million and TL 120,784 million, respectively. These figures compare to a minimum regulatory requirement of 7.00% as of such date.

As of the same date (and based upon the same amount of risk-weighted assets): (a) the Tier 1 capital adequacy ratios of the Bank and the Group were 10.38% and 10.73%, respectively (8.98% and 9.30%, respectively, if calculated without giving effect to such regulatory forbearances by the BRSA), which figures compare to a minimum regulatory requirement of 8.50% (1.50% higher than the minimum regulatory requirement for the CET1 Ratio), and (b) the total capital adequacy ratios of the Bank and the Group were 15.55% and 16.26%, respectively (13.47% and 14.09%, respectively, if calculated without giving effect to such regulatory forbearances by the BRSA), which figures compare to a minimum regulatory requirement of 10.50% as of such date (2.00% higher than the minimum regulatory requirement for the Tier 1 capital adequacy ratio).

Assuming that the Additional Tier 1 Capital and Tier 2 Capital buckets are filled, this would reflect an amount of additional core capital as of 30 June 2024 above the additional core capital requirement for the Bank and the Group for the purposes of calculating the Maximum Distributable Amount (*i.e.*, the distance to the Maximum Distributable Amount restrictions) of TL 1,934 million (or 1.86% of risk-weighted assets) for the Issuer on a standalone basis and TL 2,314 million (or 2.21% of risk-weighted assets) on a consolidated basis (TL 561 million (0.47%) and TL 941 million (0.78%), respectively, without consideration of the BRSA's forbearance requirements described in "Turkish Regulatory Environment – Additional Temporary Measures").

The amount of CET1 Capital above the 5.125% Trigger Event level applicable to the Notes (*i.e.*, the distance to the Trigger Event) as of 30 June 2024 was TL 5,365 million (5.2% of risk-weighted assets) with respect to the Bank and TL 5,764 million (5.5% of risk-weighted assets) with respect to the Group. Without giving effect to the BRSA's forbearance requirements described above, the amount of CET1 Capital above the Trigger Event level would have been TL 4,538 million (3.8%) with respect to the Bank and TL 4,938 million (4.1%) with respect to the Group as of such date.

Should the Tender Offer result in a full cancellation/repayment of the Maximum Acceptance Amount of the Existing Tier 2 Notes, then the total capital adequacy ratios of the Group will be increased to reflect the issuance of the Notes but also reduced to reflect the elimination of such amount of the Existing Tier 2 Notes (60% of the outstanding amount of which, as of the date of this Offering Circular, currently is counted towards the Bank's capital).

The following is a description of certain laws relating to the calculation of the amount that the Issuer may use for dividend distribution.

Turkish Commercial Code

The amount that a bank is permitted to use for dividend distributions in any fiscal year is calculated in accordance with the Turkish Commercial Code and such bank's articles of incorporation, which calculation is based upon deducting all expenses, depreciation and similar payments and setting aside legally required reserves, taxes and the previous fiscal year's losses, if any, from such bank's revenue for the prior fiscal year. This amount is derived by performing this calculation using such bank's financial statements prepared in accordance with BRSA Principles and then is allocated in the following order:

(a) 5.0% of such amount is allocated to such bank's first legal reserves until the first legal reserves reach 20.0% of such bank's paid-in capital,

(b) the remaining amount (if any) after adding the value of any donations made within the relevant annual term may be distributed to such bank's shareholders as a first dividend in accordance with the Applicable Banking Regulations and the articles of incorporation of such bank,

(c) the remaining amount (if any) may be: (i) distributed in full or in part to such bank's shareholders as a second dividend, distributed to the board members, officers and employees as a share of the profit or distributed to foundations or similar institutions established for various purposes or (ii) set aside as year-end profits or as part of non-mandatory reserves, and

(d) if there is a remaining amount and if (pursuant to clauses (b) and (c) above) an amount equal to 5.0% of the paid-in capital has been distributed from the amount to be distributed to such bank's shareholders and persons participating in profit, then an amount equal to 10.0% of the original amount that a bank may use for dividend distributions (*i.e.*, before the allocation described in clause (a)) is required to be allocated as a second legal reserve and added to such bank's statutory reserve.

The Issuer's articles of incorporation provide that the general assembly of its shareholders is, upon the proposal of the Bank's board of directors, to decide whether the balance remaining after such allocation is to be transferred to the Bank's discretionary reserve funds and/or be distributed to the Bank's shareholders, members of its board of directors and employees.

Unless and until the statutory funds and other financial obligations required by law are set aside and the dividends determined in accordance with the articles of incorporation of a publicly traded bank are distributed in cash or as bonus shares, such bank cannot resolve to: (a) set aside any reserve, (b) transfer a dividend to the following year or (c) make distributions to the members of its board of directors, managers, employees and/or foundations or similar institutions established for various purposes.

If the calculated first dividend amount is less than 5.0% of the paid-in capital of a non-public company or if the net distributable profit is less than TL 1,050,000 (such being the amount for 2024, which amount can change in future years), then such company may choose not to distribute the first dividend; *however*, the amount retained will be added to the calculation of the dividend for the following financial year.

BRSA Restrictions

Pursuant to the Regulation on Capital Conservation and Countercyclical Capital Buffers, the amount of dividends that may be distributed by a bank during a fiscal year is the product of: (a) the amount of distributable dividends (in Turkish: *dağıtılabilir kâr tutarı*) of such bank for such fiscal year and (b) the maximum dividend distribution ratio (in Turkish: *azami kâr dağıtım oranı*) as of the date of distribution. The calculation of these two components is discussed in greater detail below.

Distributable Dividends. The amount of "distributable dividends" for a bank is the sum of: (a) the net profit of such bank for the relevant period after deducting all statutory and contractual obligations and (b) the profit carried forward for such bank. This calculation is made on the basis of such bank's financial statements prepared in accordance with BRSA Principles.

Maximum Dividend Distribution Ratio. The maximum dividend distribution ratio for a bank is based upon the amount of such bank's "additional" CET1 Capital. The Regulation on Capital Conservation and Countercyclical Capital Buffers provides that the "additional" CET1 Capital of a bank is the amount of such bank's CET1 Capital that exceeds the amount of CET1 Capital that is needed by such bank to achieve the minimum CET1 Ratio, Tier 1 capital adequacy ratio and capital adequacy standard ratio required of such bank (on both a consolidated and non-consolidated basis) by the Capital Adequacy Regulation (which minimums are 4.5%, 6.0% and 8.0%, respectively, as of the date of this Offering Circular).

The Regulation on Capital Conservation and Countercyclical Capital Buffers provides that the "additional" CET1 Capital required of a bank is the product of: (a) the sum of: (i) the bank-specific countercyclical capital buffer ratio and (ii) the capital conservation buffer ratio (which is 2.5% as of the date of this Offering Circular) and (b) the risk-weighted assets of such bank. Pursuant to the BRSA Decisions on the Countercyclical Capital Buffer, the countercyclical capital buffer ratio for a bank's exposures in Türkiye is (as of the date of this Offering Circular) set at 0% of a bank's risk-weighted assets in Türkiye; *however*, such ratio can fluctuate between 0% and 2.5% as announced from time to time by the BRSA. Any increase in 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.

The minimum regulatory CET1 Ratio, Tier 1 capital adequacy ratio and capital adequacy standard ratio for the Issuer are currently 7.00%, 8.50% and 10.50% on both a Bank-only and consolidated basis.

If the “additional” CET1 Capital calculated by a bank (on a consolidated and/or non-consolidated basis) is less than the amount of “additional” CET1 Capital required of such bank by the Regulation on Capital Conservation and Countercyclical Capital Buffers, then the “maximum dividend distribution ratio” for such bank is set forth in the following table (100% applying should the amount of a bank’s CET1 Capital exceed such required amount).

Result of division of the “additional” CET1 Capital of a bank by its additional CET1 Capital requirement	The maximum dividend distribution ratio for such bank
Less than 25%..	0%
25% to 50%	20%
50% to 75%	40%
75% to 100%	60%

If the “additional” CET1 Capital for a bank is less than the required level on both a consolidated and non-consolidated basis, then such bank is required to apply the lower “maximum dividend distribution ratio” resulting from such calculations.

The BRSA has the authority to impose additional capital adequacy requirements on a standalone basis for a bank either: (a) pursuant to the Capital Adequacy Regulation, by taking into account its internal systems, assets and financial structures, or (b) pursuant to the ICAAP Regulation, as a result of the assessment of the capital adequacy by the BRSA of such bank as submitted in the context of the ICAAP each year (of more often if so required by the BRSA). Any additional capital adequacy requirement so required by the BRSA might impact the calculation of the amount of “additional” CET1 Capital and, hence, the amount of dividends that can be distributed by a bank.

Pursuant to the BRSA Decisions on Countercyclical Capital Buffer, banks must obtain the approval of the BRSA before making any dividend distribution. The following are deemed to be a dividend distribution for these purposes: (a) dividend payments to shareholders and share buybacks, (b) payments in respect of instruments that can be included in the Additional Tier 1 Capital of a bank; *provided* that such bank makes such payment in spite of its right to not make such payment, (c) all discretionary payments made to employees within the scope of TFRS 2 and (d) any other payments and transactions to be determined by the BRSA.

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).

	2021	2022	2023
Income Statement Data:		*(TL thousands)*	
Interest income	3,411,084	6,522,214	12,043,061
Interest expense	2,367,790	4,292,618	11,783,850
Net interest income/(expense)	**1,043,294**	**2,229,596**	**259,211**
Fees and commissions received	341,634	812,924	3,741,956
Fees and commissions paid	65,952	162,303	296,246
Net fees and commissions income/(expense)	**275,682**	**650,621**	**3,445,710**
Dividend income	197,009	200,000	130,001
Trading income/loss (net)	164,372	2,957,062	4,721,327
Other operating income	327,059	1,113,038	2,630,617
Total operating income	**2,007,416**	**7,150,317**	**11,186,866**
Expected credit loss	513,460	626,607	1,035,599
Other provision expenses	187,587	1,026,806	268,812
Personnel expenses	397,397	988,731	2,044,008
Other operating expenses	426,372	1,049,248	2,333,530
Net operating income	**482,600**	**3,458,925**	**5,504,917**
Income from investments under equity accounting	-	3,296	143,497
Profit/(loss) before taxes from continuing operations	**482,600**	**3,462,221**	**5,648,414**
Tax provision for continuing operations	64,254	741,632	1,455,645
Net profit/(loss) from continuing operations	**418,346**	**2,720,589**	**4,192,769**
Net profit/(loss) from discontinued operations	-	-	-
Net profit/(loss)	**418,346**	**2,720,589**	**4,192,769**

	For the six months ending 30 June	
	2023	2024
Income Statement Data:	*(TL thousands)*	
Interest income	4,150,421	14,265,285
Interest expense	4,024,503	12,183,013
Net interest income/(expense)	**125,918**	**2,082,272**
Fees and commissions received	1,557,357	2,062,878
Fees and commissions paid	102,182	274,163
Net fees and commissions income/(expense)	**1,445,175**	**1,788,715**
Dividend income	-	563,013
Trading income/loss (net)	3,056,814	1,901,112
Other operating income	1,083,277	1,358,911
Total operating income	**5,721,184**	**7,694,023**
Expected credit loss	447,474	943,302
Other provision expenses	501,925	38,682
Personnel expenses	824,516	1,697,519
Other operating expenses	982,024	1,687,942
Net operating income	**2,965,245**	**3,326,578**
Income from investments under equity accounting	73,859	51,641
Profit/(loss) before taxes from continuing operations	**3,039,104**	**3,378,219**
Tax provision for continuing operations	736,670	(118,377)
Net profit/(loss) from continuing operations	**2,302,434**	**3,496,596**
Net profit/(loss) from discontinued operations	-	-
Net profit/(loss)	**2,302,434**	**3,496,596**

	As of 31 December			As of
	2021	2022	2023	30 June 2024
Balance Sheet Data:		*(TL thousands)*		
Cash and cash equivalents	14,542,262	19,132,007	24,444,963	22,965,796
Financial assets measured at fair value through profit or loss	215,005	399,413	3,463,602	1,512,523
Financial assets measured at fair value through other comprehensive income	2,077,753	5,140,910	9,157,722	16,871,108
Derivative financial assets	1,271,860	1,109,667	906,998	1,034,098
Loans	22,929,370	39,532,439	52,233,018	62,221,354
Factoring receivables	74,064	186,790	321,297	546,123
Other financial assets measured at amortised cost	3,230,721	7,067,342	9,309,266	9,323,095
Expected credit loss	891,651	1,291,639	1,156,484	1,304,060
Assets held for sale and assets of discontinued operations (net)	182,161	24,609	10,380	-
Equity investments	112,500	961,996	1,119,236	1,170,457
Tangible assets (net)	414,653	692,513	864,678	1,098,546
Intangible assets (net)	106,559	243,652	787,722	834,885
Current tax asset	2,077	500	-	-
Deferred tax asset	309,094	384,664	994,644	2,021,750
Other assets (net)	608,380	496,763	1,381,423	1,137,891
Total assets	**45,184,808**	**74,081,626**	**103,838,465**	**119,433,566**
Deposits	31,000,365	46,858,826	68,444,606	77,239,185
Funds borrowed	523,577	3,179,212	2,325,261	1,496,365
Money market funds	712,740	3,469,865	7,610,322	11,659,921
Securities issued (net)	2,646,236	4,810,878	-	-
Derivative financial liabilities	1,678,396	561,940	886,851	1,191,274
Factoring liabilities	-	-	-	-
Lease liabilities (net)	49,149	141,607	372,953	446,075
Provisions	406,060	1,624,484	1,981,078	1,793,031
Current tax liabilities	290,810	404,817	920,780	1,377,245
Subordinated debts	3,790,148	4,543,945	7,180,853	8,007,187
Other liabilities	1,722,852	1,904,380	3,425,082	2,369,628
Total liabilities	**42,820,333**	**67,499,954**	**93,147,786**	**105,579,911**
Paid-in capital	941,161	1,357,723	1,357,723	1,357,723
Capital reserves	228,678	228,678	228,678	228,678
Accumulated other comprehensive income or loss not reclassified through profit or loss	113,349	409,217	357,246	380,876
Accumulated other comprehensive income or loss reclassified through profit or loss	(19,376)	782,177	767,179	428,503
Profit reserves	707,492	1,082,910	3,742,127	7,688,716
Profit or loss	392,927	2,720,264	4,236,228	3,766,895
Minority shares	244	703	1,498	2,264
Total shareholders' equity	**2,364,475**	**6,581,672**	**10,690,679**	**13,853,655**
Total liabilities and shareholders' equity	**45,184,808**	**74,081,626**	**103,838,465**	**119,433,566**
Total off-balance sheet commitments	**67,555,967**	**132,317,415**	**205,896,150**	**159,830,848**

The following table includes certain of the Group's key ratios as of and for the years ended 31 December 2021, 2022 and 2023 and as of and for the six-month period ended 30 June 2024. 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 Measures." 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:	2021	2022	2023	30 June 2024
Profitability Ratios:				
Net interest margin	4.20%	5.25%	0.38%	4.79%
Net interest margin including net commissions	5.31%	6.78%	5.41%	8.90%
Net fee and commission income to total operating income	13.7%	9.1%	30.8%	23.2%
Cost-to-income ratio	41.0%	28.5%	39.1%	44.0%
Adjusted operating expenses to average total assets	2.5%	3.4%	4.8%	6.0%
Return on average total assets	1.3%	4.5%	4.6%	6.2%
Return on average shareholders' equity	20.2%	60.1%	48.1%	56.1%
Balance Sheet Ratios:				
Loan-to-deposit ratio	89.8%	100.4%	78.0%	80.9%
Credit Quality:				
NPL ratio	3.9%	1.7%	1.4%	1.3%
Free capital ratio	2.5%	6.4%	8.2%	9.5%
NPL coverage ratio	43.1%	75.0%	72.2%	73.8%
Loan loss provisions/gross loans	3.7%	3.2%	2.2%	2.1%
Group's Capital Adequacy:				
Tier 1 capital adequacy ratio(1)	9.65%	10.82%	11.37%	10.73%
Total capital adequacy ratio(1)(2)	23.58%	19.51%	17.98%	16.26%
Other Information:				
Employees at period end	1,782	1,994	1,958	1,913
Branches at period end	47	44	40	41
Inflation rate/GDP				
Consumer price index inflation(3)	36.1%	64.3%	64.8%	71.6%
Producer price index inflation(3)	25.2%	97.7%	44.2%	50.1%
Gross domestic product (% change)(4)	11.8%	5.3%	4.5%	2.5%
TL/US$ Exchange Rate:				
Period end	13.3290	18.6983	29.4382	32.8262

(1) Capital adequacy ratios calculated in accordance with BRSA guidelines.

(2) Includes the Bank's Existing Tier 2 Notes to be subject to the Tender Offer. Should the Tender Offer result in a full cancellation/repayment of the Maximum Acceptance Amount of the Existing Tier 2 Notes, then the total capital adequacy ratios of the Group will be increased to reflect the issuance of the Notes but also reduced to reflect the elimination of such amount of the Existing Tier 2 Notes (60% of the outstanding amount of which, as of the date of this Offering Circular, currently is counted towards the Bank's capital).

(3) Base year – 2003.

(4) Represents the growth of GDP (for 30 June 2024, for the 12 months ended 30 June 2024).

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 June**
	2021	**2022**	**2023**	**2024**
	(TL thousands)			
Paid-in capital	941,161	1,357,723	1,357,723	1,357,723
Capital reserves	228,678	228,678	228,678	228,678
Equity share premium	*128,678*	*128,678*	*128,678*	*128,678*
Share cancellation profits	-	-	-	-
Other capital reserves	*100,000*	*100,000*	*100,000*	*100,000*
Accumulated other comprehensive income or loss not reclassified through profit or loss	113,349	409,217	357,246	380,876
Accumulated other comprehensive income or loss reclassified through profit or loss	(19,376)	782,177	767,179	428,503
Profit reserves	707,492	1,082,910	3,742,127	7,688,716
Legal reserves	*52,876*	*71,590*	*204,289*	*271,545*
Statutory reserves	-	-	-	-
Extraordinary reserves	*654,616*	*926,300*	*3,022,580*	*6,305,424*
Other profit reserves	-	*85,020*	*515,258*	*1,111,747*
Profit or loss	392,927	2,720,263	4,236,228	3,766,895
Prior periods' profit or loss	*(25,335)*	*134*	*44,254*	*271,065*
Current period net profit or loss	*418,262*	*2,720,130*	*4,191,974*	*3,495,830*
Minority shares	244	703	1,498	2,264
Total shareholders' equity	**2,364,475**	**6,581,672**	**10,690,679**	**13,853,655**
Long-term debt(1)(2)	6,475,557	4,444,287	6,996,989	7,802,263
Total capitalisation	**8,840,032**	**11,025,958**	**17,687,668**	**21,655,918**

(1) Long-term debt is comprised of long-term debts classified under "loans and advances from banks" and "subordinated liabilities" (excluding expense accruals) in the applicable BRSA Financial Statements.
(2) Includes the Bank's Existing Tier 2 Notes to be subject to the Tender Offer.

THE GROUP AND ITS BUSINESS

General

The Bank is a Turkish private commercial bank that provides banking products and services to corporate, commercial, personal, private and prestige customers through (as of 30 June 2024) a network of 41 branches located in 13 cities, with 19 branches in İstanbul and the remainder in other major cities throughout Türkiye.

The Bank has a strong shareholding structure, principally under the ownership of Fiba Holding, which holds 69.23% of the common shares of the Bank. The other shareholders are TurkFinance, which holds 9.95% of the common shares of the Bank, IFC, which holds 6.21% of the common shares of the Bank, and the EBRD, which holds 8.96% of the common shares of the Bank. Fiba Holding is part of the Fiba Group, which was founded in 1987 by Mr. Hüsnü Özyeğin, a pioneering Turkish banker and prominent businessman. As of 31 December 2023, Fiba Group, which was present in 10 countries, operated through 74 companies mainly in the financial services, retail, energy and real estate industries. As of such date (the latest date for which such information is publicly available), the Fiba Group had total assets of US$15.7 billion. The IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. The EBRD is owned by 72 countries and two intergovernmental institutions and supports the development of market economies and democracies. The EBRD's investment in the Bank was its first equity investment in a financial institution in Türkiye. TurkFinance is an investment arm of Franklin Templeton Investments, which is a global investment firm known for its actively managed mutual funds serving clients in more than 160 countries.

The Bank has, since 2017, expanded its digital banking activities significantly through investments in digital banking products and ecosystem banking. Through these investments, the Bank has started to engage with its clients via the POS of its ecosystem partners in addition to its ADCs, including ATMs, internet banking, mobile banking, video banking and a call centre, creating efficiencies and reducing expenditures. As a result, the Bank was able to reduce its branch network from 73 as of 31 December 2016 to 41 as of 30 June 2024, whilst reaching a much wider network through 12,838 POS (as of 30 June 2024) and generating significant growth in its registered customers from 349,972 to 6,289,345 and active customer base (*i.e.*, customers with at least one transaction in their demand deposit account in the preceding six months) from 105,002 to 1,318,039 as of 31 December 2016 and 30 June 2024, respectively.

Based upon the Bank's BRSA Financial Statements as of and for the six-month period ended 30 June 2024, the Bank had total assets of TL 119.0 billion (an increase of 15.1% from TL 103.4 billion as of 31 December 2023, which was an increase of 39.7% from TL 74.0 billion as of 31 December 2022, itself an increase of 63.9% from TL 45.2 billion as of 31 December 2021), loans to customers (net) of TL 61.5 billion (an increase of 19.6% from TL 51.4 billion as of 31 December 2023, which was an increase of 33.8% from TL 38.4 billion as of 31 December 2022, itself an increase of 73.8% from TL 22.1 billion as of 31 December 2021) and shareholders' equity of TL 13.5 billion (an increase of 29.1% from TL 10.4 billion as of 31 December 2023, which was an increase of 60.0% from TL 6.5 billion as of 31 December 2022, itself a 177.8% increase from TL 2.3 billion as of 31 December 2021).

For 2023, the Group's net profit was TL 4.2 billion, a 54.1% increase from TL 2.7 billion for 2022, which was itself a 550.3% increase from TL 418.3 million in 2021. In the first six months of 2024, the Group's net profit was TL 3.5 billion, an increase of 51.9% from TL 2.3 billion in the same period of 2023. As of 30 June 2024, the Group's total capital adequacy ratio was 16.26% and its Tier 1 capital adequacy ratio was 10.73% (17.98% and 11.37%, respectively, as of 31 December 2023, 19.51% and 10.82%, respectively, as of 31 December 2022 and 23.58% and 9.65%, respectively, as of 31 December 2021). The Group's return on average shareholders' equity was 48.1% for 2023, 60.1% for 2022, 20.2% for 2021 and 56.1% for the first six months of 2024.

Should the Tender Offer result in a full cancellation/repayment of the Maximum Acceptance Amount of the Existing Tier 2 Notes, then the total capital adequacy ratios of the Group will be increased to reflect the issuance of the Notes but also reduced to reflect the elimination of such amount of the Existing Tier 2 Notes (60% of the outstanding amount of which, as of the date of this Offering Circular, currently is counted towards the Bank's capital).

The Group has four primary customer-facing divisions: Corporate & Commercial Banking, Ecosystem and Platform Banking, Consumer Loans & Payment Solutions Management and Wealth Management, additional information about each of which is provided below.

History

The Bank was established on 31 May 1984 as a foreign branch of Manufacturers Hanover Trust Company. The Bank became a separate legal entity on 15 February 1991 and registered with the İstanbul Trade Registry under number 272902. On 7 April 1992, after the merger of Manufacturers Hanover Corporation and Chemical Banking Association, the name of the branch was changed to Chemical Bank A.Ş. The Bank was acquired by the Sürmeli Group on 3 January 1997, which named the Bank Sitebank A.Ş. During the Turkish banking crisis in 2000 and 2001, the Bank was transferred to the SDIF, with its shares thereafter being sold to Novabank S.A. on 16 January 2002. The name of the Bank was changed to BankEuropa Bankası A.Ş. on 4 March 2003 and then to Millennium Bank A.Ş. on 29 November 2006.

On 10 February 2010, Credit Europe Bank N.V. ("*CEB*"), which is a subsidiary of Fiba Holding, signed a share purchase agreement with the Bank's then owners (Millennium BCP) to acquire 95% of the Bank's shares, which acquisition was completed on 27 December 2010. The name of the Bank was changed to its current name (Fibabanka A.Ş.) on 25 April 2011. In December 2012, the shares of the Bank held by CEB and Millennium BCP were purchased by the Fiba Group. In 2013, a minority stake was sold by Fiba Holding to the management of the Bank.

On 21 December 2015, the IFC and the EBRD invested in the Bank, each acquiring a 9.95% stake through a capital increase. Abraaj acquired a 9.95% stake in the Bank on 31 August 2016. As the sale of shares to Abraaj was consummated via an issuance of new shares, the shares of the IFC and the EBRD in the Bank were reduced to 8.96% each. In 2019, Franklin Templeton acquired Abraaj's business in Türkiye as a result of which Franklin Templeton acquired control of TurkFinance, which then held Abraaj's shares in the Bank. As of the date of this Offering Circular, Fiba Holding holds 69.23% of the Bank's share capital. See "Share Capital and Ownership" for additional information on the Bank's shareholders.

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, including:

- *Well-known and trusted majority shareholder in the Turkish banking sector*: The Bank's management believes that Fiba Holding is a widely recognised, respected and trusted name in the Turkish banking sector, being active in the market since 1987. Fiba Holding, operating both in Türkiye and abroad, has built up a strong track record and proven itself through turbulent financial markets by establishing prudent risk management strategies and maintaining its reputation of having strong financial stability. The Bank benefits from the experience, relationships and reputation of Fiba Holding, including its knowledge of the Turkish market.

- *Strong and supportive shareholders*: Fiba Holding has, through various capital injections to support the Bank's growth, been supporting the Bank since its acquisition. The 2015 investments by the IFC and the EBRD and 2016 investment by Abraaj (later acquired by Franklin Templeton) evidenced their trust and confidence in the Bank. Each of the IFC, the EBRD and TurkFinance has the right to nominate a board member, which right they have exercised. While the minority shareholders have not been directly involved in the Bank's business, the Group benefits from their nominated board members' significant expertise in developing the Bank's strategy and business as well as the compliance and "best practices" requirements of these investors.

- *Innovative digital solutions to meet customers' needs*: The Bank has a unique position in the Turkish banking sector with its Banking as a Service ("*BaaS*") capability. Although it has a small branch network, the Bank serves its clients all over the country through the more than 12,000 points of sale of its business partners. The ability to acquire and serve customers with a low-cost organisation gives the Bank a strong competitive advantage. Through these POS, the Bank provides a fast and fully digital loan process for retail and micro lending (under five minutes), offers a wide range of products and provides smart solutions to meet its customers' needs via new generation digital platforms. The Bank aims to offer excellent customer experience via these platforms and thereby increase customer loyalty.

- *Scoring and Loan Quality:* The Bank's management believes that the Bank has an effective credit scoring model with data-driven decision-making processes that result in efficient limit allocation and low NPL ratios.

- *New generation/agile IT organisation:* From 2017 to 2023, the Bank has made significant investments in restructuring its IT and data organisation and renewing its technology, IT and data processes to reach the capacity and infrastructure necessary to support the future needs of the Bank. The Bank's core banking system is developed in-house, which the Bank's management believes is also a key advantage in the banking sector.

- *Synergy Opportunities*: The Bank creates synergies with its fintech subsidiary (Finberg) and its investments in expanding its ecosystem and financial products. The Bank also has the advantage of creating synergies with other members of the Fiba Group, which is a Turkish conglomerate controlling a portfolio of high-value brand names in both financial and non-financial sectors such as retail, energy and real estate.

- *Maintain high standards of corporate governance*: The Group has established corporate governance principles and complies with applicable laws for sustainable banking, the execution of which the Bank's management considers to be an essential component of responsible banking. The Bank's management believes that compliance with corporate governance principles is important for the Bank to create, protect and maintain value for its stakeholders. The Group established these corporate governance practices to improve management's efficiency and to further protect the interests of the Group's stakeholders, including its customers and shareholders.

Strategy

The Bank aims to be a digital-focused bank and reach at least 10 million customers by the end of 2027, which it plans to achieve through the promotion and prioritisation of customer needs. The Group's strategy is to approach its customers in a transparent, clear and responsible manner, to continuously improve customer experience by offering products and services that are tailored to their needs and to maintain sustainable growth by creating value for its shareholders. The Bank intends to accomplish this by:

- leveraging its BaaS capacity to expand its ecosystem with new business partners and customers,
- focusing on providing a smooth and seamless experience for its customers, ecosystem partners and employees,
- increasing digitalisation of the customer base and the share of the use of digital platforms,
- increasing synergies among business lines and cross-selling,
- creating its own "super-app," a mobile application that can provide multiple services including payment and financial transaction processing, and serving its clients with a wide variety of products through digital channels,
- reaching operational excellence with new generation / agile IT infrastructure and organisation,
- having effective data-driven decision-making processes,
- maintaining strong asset quality,
- creating synergy with fintech investments,
- optimising capital allocation to ensure sustainable growth, and
- improving efficiencies.

Business

The Group has four primary customer-facing divisions: Corporate & Commercial Banking, Ecosystem and Platform Banking, Consumer Loans & Payment Solutions Management and Wealth Management. Each of these segments is managed by a separate department within the Bank. All of the Group's segments are supported by head office and other support functions. The Bank's subsidiaries provide asset management, pension and insurance services for the Bank's customers. Please see "Subsidiaries and other Participations" below.

Corporate & Commercial Banking

The Bank's Corporate & Commercial Banking segment, which is comprised of the Corporate Banking and Commercial Banking sub-segments, provides cash and non-cash lending, finance-invoice secured loans, foreign trade finance, cash management, investment products (*e.g.*, deposits and funds) and treasury and derivative products to its corporate and commercial customers. The Corporate Banking sub-segment focuses on large businesses (including Turkish conglomerates and large and multinational corporations) without any limit restrictions, whereas the Commercial Banking sub-segment works with customers with a credit limit of up to (and including) TL 30.0 million. The primary sources of income for the Bank's

Corporate & Commercial Banking segment are interest income attributable to corporate and commercial loans, treasury transaction revenues and commission income from cash and non-cash banking instruments.

Loans attributable to the Bank's Corporate & Commercial Banking segment amounted to TL 50.0 billion, or 76.8%, of the Group's total loan portfolio as of 30 June 2024, as compared to TL 38.6 billion and 74.2%, respectively, as of 31 December 2023, TL 29.5 billion and 75.4%, respectively, as of 31 December 2022 and TL 15.9 billion (including TL 2.3 billion in micro loans for micro banking customers, which started being served in the Commercial Banking sub-segment in 2022) and 71.9%, respectively, as of 31 December 2021.

Corporate Banking

As of 30 June 2024, the Bank served clients through a network of 34 relationship managers across five branches. As of that date, the Bank's Corporate Banking sub-segment had 1,409 active corporate clients with TL 22.7 billion in total cash loans, representing 34.8% of the Bank's total loan portfolio, as compared to TL 16.6 billion and 32.0%, respectively, as of 31 December 2023, TL 14.2 billion and 36.4%, respectively, as of 31 December 2022 and TL 10.6 billion and 48.0%, respectively, as of 31 December 2021. Corporate clients operate in several industries, including wholesale and trade, construction and textile.

The Bank's Corporate Banking sub-segment benefits from: (a) long-standing relationships enhanced by ongoing commitment through difficult market conditions, (b) the ability to cross-sell, leveraging on cash management and relationship strength, (c) the ability to understand client needs and develop tailor-made solutions for clients, (d) high-quality staff and (e) speed and efficiency in decision-making. The Corporate Banking sub-segment seeks to introduce clients to the Group's other business segments and thereby create synergistic benefits. In order to increase profitability, the Corporate Banking sub-segment intends to diversify its portfolio by acquiring new customers while obtaining further business from the existing client base and creating additional profit for other business segments.

Commercial Banking

The Commercial Banking sub-segment serves commercial enterprises with a credit limit of up to (and including) TL 30.0 million. The micro banking segment was transferred to the Commercial Banking sub-segment in 2022. As of 30 June 2024, the Bank served 38,657 active commercial loan clients through a network of 114 relationship managers in 30 branches in 11 cities and at the Bank's headquarters. The Bank's Commercial Banking sub-segment accounted for TL 27.3 billion, or 41.9%, of the Bank's total loan portfolio as of 30 June 2024, as compared to TL 22.0 and 42.2%, respectively, as of 31 December 2023, TL 15.2 billion and 39.0%, respectively, as of 31 December 2022 (including the micro-loans transferred into this segment in 2022) and TL 3.0 billion and 13.6%, respectively, as of 31 December 2021 (which does not include micro loans of TL 2.3 billion as those were managed in a different department as of such date). The goal of the Commercial Banking sub-segment is to achieve sustainable and profitable growth in terms of both the number of clients and the value of the loan book by understanding customer needs and providing tailor-made solutions in a fast, proactive way and increase efficiency by using non-branch channels. In 2023, the number of commercial customers using loan products through the digital channels reached 68% of the total Commercial Banking customer portfolio.

The Bank's management believes that the Bank's Commercial Banking sub-segment benefits from: (a) a focus on relationship-based banking, including the provision of tailor-made products and services, (b) a proactive approach using analytic methods for early detection of customers' financial needs from open and accessible sources, and identifying potential new customers, (c) a focus on customer experience and (d) speed and flexibility in rapidly adapting to changing market conditions.

Products and Services

The Group offers its corporate and commercial clients a wide range of lending and banking services. The most important offerings to these customers are cash loan products, non-cash loan products (such as letters of credit and letters of guarantee), foreign trade financing, cash management services and treasury and derivative products. The Group also offers these customers additional financial services, such as insurance, a broad range of investment products (including deposits, government securities and mutual funds) and treasury and derivative products (*e.g.*, options, forwards and swaps).

Loans. The most significant products by volume and value are working capital loans (*e.g.*, revolving loans, cheques, discount loans and spot loans) and instalment loans. The Corporate & Commercial Banking segment also offers cash management loans, foreign trade finance, overdraft loans and Türk Eximbank (*Türkiye İhracat Kredi Bankası A.Ş.*) loans.

Cash Management and Payment Services. The Corporate & Commercial Banking segment has significant expertise in cash management. The Bank offers various cash management products, including direct debit services, factoring, bill payment systems, supplier finance services, inventory finance services and check collection. The Bank provides cash management services to all of its customers, with a particular focus on corporate and commercial clients. Cash management is a key element of the Bank's strategy to increase demand deposits and service-related revenues.

The overall mission of the cash management function is to create innovative cash flow and payment solutions that can be customised according to a client's size through the creation of partnerships with large corporations utilising the Bank's branch network and technological capability. Reflecting this strategy, more than 590 million bill payments were executed through the Bank in 2023 and more than TL 266 million in automatic bill payments were made during such year. The Bank launched its e-invoice financing product in 2020, which is designed to provide the quickest and most appropriate solution to meet the financial needs of the Bank's customers as part of its digital transformation. As a result, TL 2.1 billion worth of invoices were funded in 2023.

The Bank mediated foreign trade transactions worth US$1.7 billion, US$2.0 billion and US$1.5 billion in 2021, 2022 and 2023, respectively.

The Bank's market share in check processing through the Interbank Check Clearing House reached 1.16% in 2023, generating TL 83.2 billion in volume, placing the Bank in 15th place in the sector.

Ecosystem and Platform Banking

The Bank established a separate department under the name of Ecosystem and Platform Banking in 2021. With the specialised focus of the Ecosystem and Platform Banking department and the investments made by the Bank in its technology and other infrastructure, the Bank developed a "Banking as a Service" (BaaS) capacity and pioneered (and remains a market leader) in Türkiye the consumer financing model known as "Buy Now, Pay Later," whereby consumers' shopping expectations and financing needs are met on a single platform. The Ecosystem and Platform Banking department has created a wide-spread network of ecosystem partners by concluding agreements and integrating IT systems with well-known national retail brands in Türkiye, thereby enabling the Bank to offer instant shopping loans and new generation payment solutions through this network of retailers.

The Bank has differentiated itself from its competition by focusing on digital technology and integrating new systems quickly, resulting in being able to react quickly to the changing financial needs of its customers and business partners, with the result that the Bank has (as of 30 June 2024) established cooperation arrangements with business partners representing more than 55 brands operating in 15 sectors. As a result of continued investments in its infrastructure, the Bank has been able to deliver ecosystem banking services via the POS of its business partners, both in-store and through online platforms, as well as through the Bank's mobile and internet banking channels and call centre. In addition to the cooperation the Bank has established with e-commerce and shopping platforms, the Bank has developed an ecosystem with partnerships with e-wallet companies, payment and e-money companies.

The number of POS reached 12,838 as of 30 June 2024, an increase of 1.8% from 12,617 as of 31 December 2023, which was an increase of 3.7% from 12,171 as of 31 December 2022, itself an increase of 91.2% from 6,364 as of 31 December 2021. The Bank aims to further diversify its ecosystem partners, thereby helping the Bank increase its customer base and leverage its "BaaS" capabilities with new business partners.

The Ecosystem and Platform Banking also manages the Bank's digital marketplace "Alışgidiş," through which customers are offered shopping loans from the Bank while shopping in the online stores of the Bank's business partners.

Consumer Loans & Payment Solutions Management

The Consumer Loans & Payment Solutions Management department serves the Bank's retail customers with the below-mentioned loans and credit card services:

Shopping Loans: The Bank has developed a strong consumer finance network together with its business partners. It has continued to expand the sectors in which it offers loans to its clients to include electronics, retail, clothing, durable goods and e-commerce. By offering shopping loans through the POS of its business partners, the Bank has created a platform through which it can respond and provide solutions to the changing financial needs of both customers and business partners quickly and easily by regular improvements to its technological infrastructure. Instant shopping loans can be disbursed in just a few minutes and require only a customer identity number and mobile phone details. With a customer-centric approach, the Bank continuously monitors Net Promoter Scores ("*NPS*") (customer satisfaction scores) to improve the design of its shopping loan product according to the demands of its customers.

In 2023, the number of shopping loans the Bank had granted online and through the stores of its business partners reached approximately 800,000, with total shopping loans amounting to TL 11.6 billion (320,000 and TL 7.2 billion, respectively, in the first six months of 2024). As of 30 June 2024, the total shopping loans were TL 4.2 billion, representing growth of 5.4% from TL 4.0 billion as of 31 December 2023, which had grown by 31.5% from TL 3.0 billion as of 31 December 2022, which itself was an increase of 40.6% from TL 2.2 billion as of 31 December 2021.

Pre-Approved Loans: Leveraging its technological developments, the Bank has designed innovative value-added products and provides effective solutions to meet the cash needs of its customers quickly. The Bank's business model aims to reach the right customer at the right time by using credit trend models and an analytical perspective. Pre-approved loans can be utilised by the Bank's existing customers via mobile and internet banking channels, the website, the call centre and all of the Bank's branches without the need for additional documentation or signatures. Customers are offered different loan alternatives according to their preferences. In 2022, the Bank set up an umbrella credit limit for each client under which the client can use different type of loans, with different amounts, at any time through any channel, including the POS of the Bank's business partners. The Bank also has diversified loan repayment channels to increase customer satisfaction, including offering loan collection services at the POS of its business partners. In 2023, the number of the pre-approved loans the Bank had granted reached approximately 400,000, with total pre-approved loans amounting to TL 14.6 billion (214,000 and TL 10.1 billion, respectively, in the first six months of 2024). As of 30 June 2024, the total amount of outstanding pre-approved loans was TL 9.6 billion, representing growth of 13.7% from TL 8.4 billion as of 31 December 2023, itself reflecting growth of 39.2% from TL 6.1 billion as of 31 December 2022, itself an increase of 61.9% from TL 3.7 billion as of 31 December 2021.

Overdraft Account & Instalment Overdraft Account: Overdraft accounts offer customers an effective solution for their urgent cash needs. The Bank establishes an overdraft account limit for each customer acquired through business partners via utilisation of shopping loans. Subject to this limit, the customer can perform transactions such as cash withdrawal, money transfer and loan/invoice payments at any time. Towards the end of 2021, the Bank also introduced an instalment overdraft account for its customers, by which a customer can access loans at any time with a maturity of three to 12 months subject to an overdraft account limit. As of 30 June 2024, the Bank's outstanding overdraft account loans totalled TL 1 billion, representing 6.9% of its total consumer loan portfolio. The Bank also introduced a pre-approved overdraft account product in 2023.

Hızlı Kart: In 2021, the Bank launched its first digital card, Hızlı Kart, in cooperation with Mastercard. In addition to being a digital card, Hızlı Kart can also be used in physical form, which flexibility allows it to be used in banking and shopping transactions in a fast and secure way. Hızlı Kart has Europay, Mastercard and Visa (EMV) features and can save customers' card information to the digital payment platform Masterpass. The Bank's customers can create their own Hızlı Kart on Fibabanka Mobile and start using the digital card instantly for online shopping. As of 30 June 2024, there were approximately 1.8 million holders of digital Hızlı Kart cards, whereas holders of physical Hızlı Kart cards reached approximately 257,000, representing growth of 5.9% and 12.2%, respectively, as compared to 31 December 2023.

Contactless Credit Card: The contactless feature, which was introduced across the Bank's credit cards in 2021, enables cardholders to pay for their purchases (not exceeding TL 750 per transaction) via a contactless transaction without entering a password. The upper limit for contactless transactions may vary from time to time, with the limit being determined by the Interbank Card Center (BKM) according to the needs of the sector.

As of 30 June 2024, total consumer loans amounted to TL 15.1 billion, or 23.2%, of the Bank's total loan portfolio, as compared to TL 13.4 billion and 25.8%, respectively, as of 31 December 2023, TL 9.6 billion and 24.6%, respectively, as of 31 December 2022 and TL 6.2 billion and 28.1%, respectively, as of 31 December 2021.

The following table sets forth the Bank's consumer loans per category as of the indicated dates:

	As of 31 December						As of 30 June	
	2021		2022		2023		2024	
	(TL million except percentages)							
Shopping loans	2,164	34.9%	3,042	31.7%	4,001	29.8%	4,218	27.9%
Pre-approved loans	3,744	60.4%	6,060	63.2%	8,435	62.8%	9,591	63.4%
Mortgage, auto and other	292	4.7%	494	5.1%	995	7.4%	1,323	8.7%
Total	**6,200**	**100.0%**	**9,596**	**100.0%**	**13,431**	**100.0%**	**15,132**	**100.0%**

Wealth Management

Under its Wealth Management division, the Bank aims to give its customers a comprehensive service to manage their savings and investments under two departments: Deposits, Investment and Insurance Products Management and Private & Prestige Banking, both of which are described below.

Deposits, Investment and Insurance Products Management

The Deposits, Investment and Insurance Products Management department serves the Bank's retail and commercial customers with a wide variety of products through the Bank's branches, call centre and digital channels. The Bank offers demand and time deposits, mutual funds, other investment products (including hedging instruments) and insurance products.

The Bank is focused on increasing its customer deposit base. Growth targets have been supported by deposit campaigns, new product launches and new sales channels. In this context, the "Kiraz Account," which is an overnight deposit product through which customers can perform all of their banking transactions from a demand deposit account, was launched in 2016. Combining the liquidity benefits offered by a demand deposit account with the income of a term deposit account, the Kiraz Account enables customers to utilise funds without waiting for the maturity of a time deposit. Focused on reaching its customers through various channels effectively and quickly, the Bank enables customers to open Kiraz Accounts on the Bank's mobile and web applications and via video banking and its call centre and branches. As of 30 June 2024, the total balance of Kiraz Accounts was TL 43.2 billion (a 111.2% increase from TL 20.4 billion as of 31 December 2023, itself a 41.3% increase as compared to TL 14.5 billion as of 31 December 2022). The number of active Kiraz Accounts as of 30 June 2024 was 104,756.

Owing to the success of the Kiraz Account, the Bank launched the "Gold Kiraz Account" and "Silver Kiraz Account" in 2020, which is offered to customers seeking to invest in precious metals, and the "Kiraz Plus Account," which is aimed at customers who have deposits of more than TL 1.0 million. The Kiraz Plus Account allows customers to invest 50% of their savings in an overnight account and the remaining 50% in a standard time deposit account with a maturity of 32 to 60 days.

In December 2021, the Bank started to serve its customers with a foreign exchange-protected and gold-protected Turkish Lira deposit product in line with the deposit scheme introduced by the Central Bank. By using this product, clients are compensated in the event that the depreciation of their Turkish Lira deposit exceeds the interest rate offered by the Bank, with such costs to the Bank being covered by the Central Bank. As of 30 June 2024, such deposits held by the Bank amounted to TL 8.5 billion, corresponding to 11.1% of total customer deposits.

As an alternative to deposit products, the Bank offers mutual funds to customers who have different risk profiles. Total mutual funds sold by the Bank's retail customers increased from TL 4.4 billion as of 31 December 2021 to TL 11.8 billion as of 31 December 2022 and then increased again to TL 24.3 billion as of 31 December 2023 and TL 44.6 billion as of 30 June 2024.

The following table sets forth the Bank's customer deposits (both from retail as well as other customers) per category as of the indicated dates:

	As of 31 December			As of 30 June
	2021	2022	2023	2024
	(TL million)			
Demand deposits	6,449	8,001	12,223	15,198
Time deposits	18,165	30,885	54,214	61,409
Total	**24,614**	**38,886**	**66,437**	**76,607**

Digital Trading Platforms: The Bank has introduced "Financial Market" in its mobile application, which is a single access point for several innovative digital trading platforms (FX Market, Borsa Market, Global Borsa Market, Kripto Market, Fund Market and Eurobond) through which customers can easily make investments.

"FX Market," which was launched in the fourth quarter of 2020, is an investment platform through which the Bank's customers can perform foreign currency and precious metal trading transactions with real-time favourable rates through mobile and internet banking channels. As of 30 June 2024, FX Market had 162,145 customers. In 2023, 12.8% of foreign exchange trading executed by the Bank's customers was completed via the platform.

In July 2021, the Bank added its brokerage service, "Borsa Market," to its digital channels. This platform enables customers to buy and sell stocks and participate in public offerings on Borsa İstanbul. As of 30 June 2024, Borsa Market had 68,174 customers.

"Global Borsa Market," which was launched in 2022 in cooperation with Midas Menkul Değerler A.Ş., offers the Banks' customers an opportunity to invest in the U.S. stock markets. In 2023, US$19.9 million of transactions were executed in Global Borsa Market.

Banks in Türkiye are not allowed to provide cryptocurrency trading services; *however*, banks can intermediate money transfer transactions to/from crypto exchange companies. Through the Bank's online platform "Kripto Market," the Bank's customers can transfer money to/from a number of crypto exchange companies 24/7 without payment of any fees. Kripto Market had 111,649 customers as of 30 June 2024 and the total value of crypto money transfers executed in 2023 was TL 51.4 billion.

"Fund Market" and "Eurobond" were launched under Financial Market in 2022. These services enable the Bank's customers to buy and sell funds and eurobonds via the Bank's mobile app.

Bancassurance Services. At the end of 2022, the Bank established two new partnerships with HDI Sigorta in the field of insurance, one in the life and pension business (Fiba Pension and Life) and the other in digital non-life business (Fiba Insurance). These services combine the Bank's new generation digital banking infrastructure with HDI Insurance's international experience.

The Bank offers its retail and commercial customers a wide range of insurance products, including but not limited to life insurance, electronic device and extended warranty products, auto insurance, home insurance and travel insurance in both life and non-life segments, together with pension products. These products enable the Bank to earn fee and commission income without incurring any credit risk and are offered through agency arrangements with newly established partnerships and other third parties.

As part of the Bank's digital strategy, the Bank launched new embedded and also standalone insurance products and services to its clients on its mobile application to enable customers to buy and track insurance products. Projects are underway to allow customers to renew their policies and apply for and track claims easily on the app. The Bank also offers insurance products through its branches and call centre.

The Bank's bancassurance business has an important role in the Bank's strategy to increase non-interest commission income. The Bank generated TL 3,023.4 million of insurance income in 2023, a 460.3% increase from TL 539.6 million in

2022, which itself increased by 122.2% from TL 242.8 million in 2021. In the first six months of 2024, such insurance income was TL 1,468 million, an 8.7% increase from TL 1,351 million in the same period of the previous year.

The bancassurance business also seeks to mediate the Bank's risk management by better controlling debt exposure by insuring debtors' lives and their assets provided to the Bank as collateral for loans. The Bank's management expects this business to continue to be one of the key contributors to increasing profitability in future years.

Private & Prestige Banking

The Private & Prestige Banking department focuses on high-net worth individuals rather than institutions or enterprises, offering customised alternatives to personal banking based upon the customer's risk profile and return on investment expectations. As of 30 June 2024, the Bank's Private & Prestige Banking department operated out of 33 branches, 15 of which are in Istanbul, serviced by 155 customer representatives. The Bank offers a wide range of products with the support of the Bank's Treasury Department, Fiba Portfolio Asset Management, Fiba Pension and Life and Fiba Insurance and in cooperation with Oyak Yatırım A.Ş. (which is a Turkish investment bank) and Midas Menkul Değerler A.Ş. (which is a Turkish brokerage firm).

In addition to term deposit accounts, the Bank offers its Private & Prestige Banking customers a wide variety of investment products, including fixed income securities (such as treasury bills, treasury notes and private sector bills and bonds) as well as variable income securities (such as mutual funds and stocks). They can also trade derivative products in over-the-counter markets at competitive prices. Private & Prestige Banking customers also perform foreign exchange and precious metal trading transactions through "FX Market" and trade local stocks through "Borsa Market," which are the Bank's digital trading platforms in its mobile application.

As of 30 June 2024, the Private & Prestige Banking department increased its assets under management by 42% to TL 118.3 billion as compared to TL 83.2 billion as of 31 December 2023, itself an increase of 75.7% from TL 47.3 billion as of 31 December 2022, which itself had increased by 99.1% from TL 23.8 billion as of 31 December 2021.

Treasury

The Group's operations and results rely to a large extent upon the Bank's Treasury Department, in which the Group centralises its asset and liability management operations, trading (both customer driven and proprietary) and certain other important functions. The Bank's Treasury Department consists of three desks: the Asset Liability Management (" *ALM*") Department, the Trading Department and the Treasury Marketing and Strategy Department (into which the Treasury Marketing Unit ("*TMU*") and the EFX and Strategy Management Unit report), which employed a total of 25 professionals as of 30 June 2024.

The ALM Department manages the Bank's balance sheet in line with the risk appetite of the Bank, which is guided by the strategies determined by the Bank's Asset Liability Committee and Risk Committee. ALM functions include analysing balance sheet items in the context of prevailing market conditions and considering the Group's investment, funding and hedging strategies. The ALM Department manages the short- and medium-term liquidity of the Bank and determines, within prescribed risk parameters, internal transfer rates for the allocation of funds.

The Trading Department is in charge of pricing, execution and risk management in respect of foreign exchange, credit, interest rate and derivatives transactions performed by the Bank. The Trading Department monitors local and global capital markets closely, runs the trading portfolio of the Bank within Risk Committee limits and aims to generate trading revenue.

The TMU understands the risks and needs of corporate, commercial, private banking and high-income segment customers and offers products with various degrees of diversity to match customers' goals and risk tolerance and seeks to ensure a control on limits and procedures in transacting with customers. Additionally, the TMU closely monitors developments in the global investment world and capital markets and shares scenarios regarding customers' financial positions. In addition, the TMU provides customers with various services ranging from short-term cash flow management products to long-term risk management products.

The Strategy Unit provides the Bank's customers and employees periodic bulletins and reports on macroeconomic indicators and developments on domestic and international markets, via various channels, and evaluates the risks and opportunities that current financial conditions may present. As a result, this unit supports customers in making investment decisions and determining appropriate investment strategies. In addition, this unit conducts presentations and meetings with internal and external customers at various events organised by the Bank.

The EFX Unit is responsible for all foreign exchange pricing in the Bank's digital platforms as well as the integration, development and management of the Bank's corresponding systems.

Subsidiaries and other Participations

The Group manages almost all of its businesses through the Bank. As of the date of this Offering Circular, the Bank has: (a) two subsidiaries: Fiba Portfolio Asset Management and Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş. ("*Finberg*") and (b) two associated companies: Fiba Insurance and Fiba Pension and Life.

Fiba Portfolio Asset Management was founded in 2013 and (as of 30 June 2024) managed 29 mutual funds, 10 pension funds and numerous direct accounts of high net worth individuals and companies. As of such date: (a) the portfolio of total funds managed by the company totalled TL 70.8 billion, 11.7% of which was in pension funds, and (b) the company's own balance sheet amounted to TL 268.8 million, with a net profit of TL 76.6 million. According to CMB statistics, the company ranked 14th as of 30 June 2024 in terms of total assets managed, with a market share of 1.44%.

Founded in 2018 as a fully owned subsidiary of the Bank, Finberg started as a fintech-focused corporate venture capital with the aim of creating synergies with start-up ecosystems. In recent years, Finberg has positioned itself as a fund manager and expanded its investment thesis to include international markets and different sectors. Finberg has investments across various sectors, including retail tech, superapp-compatible solutions and cyber security, mainly in Türkiye and Europe. As of 30 June 2024, Finberg had invested approximately US$53 million in 42 start-ups and 11 funds, which has reached a total investment value of approximately US$90 million as of such date.

In December 2022, the Bank and HDI Sigorta, the representative of German insurance giant Talanx in Türkiye, formed a partnership and acquired the shares of Fiba Emeklilik ve Hayat A.Ş. which has been operating in the private pension and life insurance sector as a member of the Fiba Group since 2012. Following the transaction, pursuant to which 60% of the company's shares was purchased by HDI Sigorta and 40% was purchased by the Bank, the company changed its name to HDI Fibaemeklilik A.Ş. (*i.e.*, Fiba Pension and Life). As of 31 December 2023, the company had total assets of TL 15.7 billion and managed an individual pension fund size of TL 13.9 billion, corresponding to increases of 86.6% and 88.7% respectively compared to 31 December 2022 (increasing further to TL 20.5 billion and TL 18.2 billion, respectively, as of 30 June 2024). For 2023, the company recorded gross written premiums of TL 2.2 billion, representing an increase of 101.8% compared to the previous year, and a net profit of TL 260.2 million. As of 31 December 2023, the company ranked 9th in terms of gross written premiums and 10th in terms of individual pension fund size in its sector in Türkiye.

Also in December 2022, the Bank and HDI Sigorta established a new digital insurance company under the name of Fibasigorta A.Ş. (*i.e.*, Fiba Insurance) with a 50/50% partnership. The company, operating in the field of non-life insurance, has introduced digital solutions to retail and commercial customers, including electronic device protection, mobile phone screen breakage protection, extended warranty insurance, motor "own damage" protection, personal accident insurance, natural disaster insurance and home, property and commercial insurance. The company generated gross written premiums of TL 637.3 million and a net profit of TL 48.8 million in 2023 (during which it was operational for only about half of the year) (TL 841.6 million and TL 64.6 million, respectively, during the first six months of 2024).

Marketing and Distribution Channels

The Bank follows a diverse, multi-channel strategy that leverages its branch network with the POS of its business partners, while also employing the following ADCs: a 24/7 call centre, mobile banking, internet banking, video banking and ATMs. The increasing use of alternative channels by the Bank's customers has increased the Bank's cost efficiency, improved the customer experience and helped the Bank develop deeper relationships with its customers.

Branch Network and Points of Sale

As of 30 June 2024, the Bank had a branch network of 41 branches located in 13 cities in Türkiye, with the largest concentration in İstanbul (19 branches), Ankara (five branches), Antalya (four branches) and İzmir (three branches). These branches offer corporate, commercial, retail and private banking services. The Bank seek to run an efficient organisation by leveraging its branch network significantly with the POS of its business partners (operating 12,838 POS via its business partners as of 30 June 2024).

Alternative Distribution Channels

In addition to its branch network and POS, the Bank has developed a broad range of ADCs, including mobile banking, a call centre, internet banking and ATMs. The omni-channel strategy provides the Bank's clients with the convenience of conducting transactions from any location at any time of the day.

The main benefits of the Bank's Direct Banking strategy can be segmented into four groups:

- *Improving branch performance*: By substantially expanding the use of ADCs, the Bank has significantly reduced less productive branch tasks (such as customer inquiries), freeing up the sales force and allowing them to focus on more profitable commercial activities and sales. Also, the use of ADCs reduces the branches' operating load and costs, with the average cost per transaction being significantly lower for ADC transactions than for transactions performed at a branch.

- *Improving customer service and therefore retention*: Through ADCs and their continuous availability, the Bank provides its customers with quick and convenient service and issue resolution.

- *Enhancing revenues:* The Bank takes advantage of sales opportunities by cross-selling and by telemarketing to potential customers through ADCs, which also provide opportunities for incremental fees and charges.

- *Deepening relationships with customers*: ADCs not only lead to operational efficiency in relation to transactions, but also portfolio efficiency via upsell and cross-selling opportunities on these channels.

Consistent with advances in technology and customer preferences, the Bank's customers are shifting their choice of distribution channel. The Bank's principal ADCs are described below:

- *Mobile Banking*: The Bank launched its mobile banking services in 2015, offering services on iOS devices and all Android-operated devices. The Bank's Mobile services were refreshed in 2019 as part of the Bank's strategy to provide additional functionality to the Bank's digital channels and improve the customer experience. Fibabanka Mobile offers a wide range of products 24/7 to its clients, who can perform banking transactions, make investments via Finansal Market and see and track all of their bank accounts (including those at banks other than the Bank) at Fibabanka Mobile. As of 31 December 2023, the Bank had 2,289,107 mobile banking customers, a 31.1% increase from 1,746,092 mobile customers as of 31 December 2022 (2,526,481 as of 30 June 2024). The total number of mobile banking transactions performed in 2023 was approximately 30 million. The Bank's management anticipates that mobile banking will continue to grow significantly in the coming years, both due to general growth in its customer base and changes in customer preferences. The Bank's management has designated mobile banking not just as an alternative channel for its customers but as the primary channel and, as a result, the Bank directs its technological investments to this channel and focuses on generating new processes, products and services while improving the existing ones.

- *Call Centre*: The Bank's Customer Communication Centre, with a team of 186 as of 30 June 2024, provides an inbound and outbound telephone service, including transactional services such as loan utilisation, insurance sales, Kiraz Account opening services, digital on-boarding and the receipt of customer inquiries on a continuous basis, 24 hours a day, seven days a week. In 2023, almost two million calls were received in the call centre, which were processed with a 98% efficiency rate (*i.e.*, the number of calls answered as a percentage of the number of calls received).

- *Internet Banking*: The Bank's internet banking services offer most of the products provided by the Bank's branches, including over 100 different types of transactions. Fibabanka Internet Banking was completely renewed in 2013, followed by a further overhaul in 2019, to better respond to evolving customer needs and expectations, to implement a more user friendly and faster platform and to introduce new functionality. The Bank had 273,510 internet customers as of 31 December 2023, a 28.0% increase in internet banking customers as of such date when compared to 213,601 as of 31 December 2022 (294,035 as of 30 June 2024). In addition, the Bank processed approximately 470,000 internet banking transactions during 2023.

- *Fi'bot*: The Bank developed and launched the virtual chat assistant Fi'bot in September 2019 to allow customers to conduct transactions, receive answers to their questions and get instant support while utilising the Bank's mobile banking or internet banking.

- *Video Banking*: In 2022, the Bank started offering video banking services to its customers via smartphones. Although video banking first started to serve as a retail customer digital onboarding service, it has since extended its functionality to include many transactions such as corporate customer acquisition, password renewal, updating cell phone number, setting up FibaAnahtar (which is an ID confirmation code system) and removing SIM card unblocking. This streamlined process also supports product sales such as giving loans to consumers directed from the online points of sale (e-commerce platforms), opening Kiraz Accounts and providing debit cards for new customers. The video banking channel contributes to the digitalisation for a branchless banking with a team of 33 people as of 30 June 2024. Through such date, 462,583 new customers have been onboarded via video banking. In 2023, 945,926 services were provided through the video banking channel, thereby avoiding the need for a customer to make a branch visit. The Bank's management believes that, as the video banking channel becomes more widespread, it will contribute significantly to both the overall growth of the Bank's customer base and its ability to meet customer needs.

- *ATMs*: Fibabanka had 42 ATMs as of 30 June 2024, 38 of which were located at the Bank's branches. ATMs offer a more limited set of transactions than internet banking but are the only ADCs that can process cash deposits and cash withdrawals. The Bank's customers can also utilise the ATMs of other Turkish banks through the Interbank Card Centre ATM sharing platform, providing them with access to thousands of ATMs across the country.

Human Resources Management and Planning

The Bank places a high priority on recruiting, training and retaining the highest quality staff in line with its business strategies. The Bank has a very experienced management team and a dynamic employee base that is energised with new graduates, including graduates of the Fiba Group's Özyeğin University. In order to attract suitable and qualified new graduates, the Bank participates in the career days of the top Turkish universities.

The Bank has introduced a dynamic target framework within its performance system for headquarters staff, which enables the on-going evaluation of an employee's performance by their manager as against set performance parameters. In addition, in order to promote a culture of feedback and to cement the Bank's prioritisation of internal communication, the Bank has introduced instant feedback forms whereby employees are able to send feedback to, and receive feedback from, their managers via the performance system and Symphony (the Bank's internal application) at any time.

The Bank also assigns great importance to the training and development of its employees both directly following their recruitment and throughout their career with the Bank. In 2022, in order to further develop its employees, the Bank, in conjunction with Özyeğin University's Financial Engineering Centre, launched the "Data Analyst" training program with the aim of promoting a data-based decision-making culture in the Bank and equipping the Bank's employees with the necessary competencies to make decisions based upon data. The Bank has also updated its job title-based competencies in the performance system in line with its strategy and has switched to a new promotion model, which includes an evaluation/examination process for the promotion of eligible candidates to the title of supervisor and higher. In addition, the Bank also provides several training programmes for employees: the New Generation Internal Trainer Programme, the Data Science Education Programme, the Leadership Academy (during which participants receive digital content from trainers and faculty members from the world's most prestigious leadership schools) and the "Fintern Future Talent (long-term internship and new grad recruitment) Programme," a development programme conducted over a three-week period during which interns are taught about banking products and applications.

Diversity, equity and inclusion constitute an important part of the Bank's human resources strategy. In order to create a diverse and inclusive working environment where all of the Bank's employees feel valued and respected, the Bank offers equal opportunities to its employees at all levels, and ensures equal remuneration for similar duties and responsibilities. Further, in order to develop the culture of diversity, equality and inclusion at the Bank, working groups, namely SheBa Volunteers and Equality Ambassadors, are established among the Bank's employees.

Following a general employee engagement survey conducted in January 2022, the Bank made changes to its human resources policies following receipt of employee feedback, including the introduction of a flexible benefits model for employees in July 2022 whereby employees are able to select their benefits according to their own needs. The model also includes an employer-contribution private pension system.

The Bank offers both vertical and horizontal career opportunities for its employees. When an internal vacancy arises, the Bank, in the first instance, tries to fill any vacant positions through internal promotions and assignments from candidates in its own employee pool and typically hires employees from outside the Bank only if there are no appropriately qualified internal candidates. In addition, the Bank periodically reviews the skillset of its employees for future planning purposes and, upon identification of critical positions in the Bank which cannot be filled internally, conducts alternate placement studies accordingly.

As of 30 June 2024, the Group employed 1,913 persons, of whom 558 were based in the Bank's branch network, 1,329 in the Bank's head offices and 26 in Fiba Portföy. As of such date, 90% of the Bank's employees had associate degrees or above and the Bank's employees had an average tenure of 4.96 years at the Bank and an average age of 37.4 years.

Properties

In March 2015, the Bank purchased a commercial building from QNB Finansbank A.Ş. ("*QNB Finansbank*") for US$65.25 million to be used as its head office. The Bank also owns office floors at Kağıthane, İstanbul (Ofishane Building), which floors are utilised by its Call Centre and Operations teams. The Bank operates all of its branches based upon medium-term leases, with typical lease periods of five to 10 years.

Information Technology

The Bank aims to use technology to become a key player in the digital ecosystem. The Bank's management believes that innovation and utilisation of technology support the Bank's strategic direction and expand the Bank's customer base and satisfaction. The Bank makes significant investments in its IT operations to modernise and improve its systems, both those used internally as well as customer-facing systems (predominantly the Bank's mobile application and website), and has made significant progress on its digitalisation transformation.

A Digital Transformation Programme was initiated in 2019, covering both data and IT initiatives. The Bank has made significant investments in its technology, IT operations and talent. The IT and data departments' capabilities expanded to include new competencies and the organisation of the IT department has been enhanced with new specialised departments, roles and responsibilities to support the digital transformation of the Bank. The Bank's IT department had 450 IT professionals as of 30 June 2024, corresponding to 24% of the Bank's total employees (compared to only 7% as of 31 December 2017).

IT strategies are renewed and aligned to conform with the Bank's overall business strategy. Key strategic IT targets have been identified, including: the modernisation of technology, architectural standardisation, agility, robust and healthy IT operations, competent HR, improving operational processes, information security and effective risk and data management. In order to provide a robust IT infrastructure, instant and intelligent monitoring infrastructures and alerting systems are employed, which provide a significant increase in the availability of IT services. The Bank's system availability percentage averaged 99.98% for 2023.

To ensure the agile delivery and increased quality of services, an agile demand management process, which enables the proper prioritisation of demands and provides business transparency, is in place, and a completely automated technology platform has been developed to maximise the effectiveness of the software delivery of the Bank's fully in-house-developed core banking application and digital channel applications.

To facilitate architectural standardisation, the Bank has established an enterprise architecture team and an architecture committee to define the technology stack to be used, define standards in respect of infrastructure and software platforms and align IT services with business capabilities. In order to achieve efficient and effective IT operations, operational processes are continually improved to align with best practices and new tools are setup and integrated to the existing systems to support redesigned processes. The IT department has put in place a dedicated team to lead this continual improvement process, which enables the continuous monitoring of all critical performance IT indicators, including systems, capacity, processes and people.

The Bank's IT system is supported by a new disaster recovery centre located in Ankara. The Ankara disaster recovery centre is being enhanced to become an active data centre by the end of 2025. Currently, the capacity of the Ankara disaster recovery centre is 50% of the primary data centre, which is located in a data centre hosted by Turkcell in Gebze. The Bank's strategy is to further invest in the Ankara data centre and use it as the Bank's primary data centre.

The development and coordination of business continuity processes are managed by the Bank's Business Continuity Unit. The Bank has developed a Business Continuity and Disaster Recovery Plan in case of natural disaster or significant disruption to the Bank's IT systems. This plan aims to ensure that in the event of such circumstances arising, the Bank can continue to provide services to its customers, fulfil its legal obligations, minimise financial losses arising from the disruption, and safeguard information assets.

The Data Management Office was established to create a best-in-class data management platform and to support business units in achieving their data management goals. The Data Management Office, consisting of 61 employees as of 30 June 2024, serves as the primary centre of excellence for all data-related functions within the Bank, including data architecture, data governance, business intelligence and analytics. In addition, it plays a crucial role as a partner of the business units by ensuring the timely and accurate provision of data and supporting business insights. The Data Management Office and the Bank's data infrastructure fulfil common requirements such as risk management, profitability, campaign management, customer segmentation, management reporting and legal reporting but also support the Bank's progress via analytics, machine learning and generative AI studies by leveraging these endeavours with cutting-edge technologies like big data and data virtualisation.

Insurance

The Group's employees, fixed assets, automated systems, safe deposit boxes, cash-in-transit and cash-on-hand are covered, as applicable, by a world-wide bankers blanket bond insurance policy, a director and officers liability policy, an employers' liability policy and general insurance agreements with third parties covering normal risk. New branch offices are insured automatically from their date of establishment.

Loans made by the Bank that are secured by real estate are also required by the Group to be supported by fire and asset protection insurance with respect to secured assets. The Group does not have any credit risk insurance in relation to defaults by its customers, which is generally not available in Türkiye.

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

Türkiye is a member country of the Financial Action Task Force (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 (in Turkish: *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) the 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) the retention of records and data, (g) data access systems to public records, (h) the protection of individuals and legal entities who fulfil certain regulatory requirements (*e.g.*, due diligence and suspicious transactions reporting requirements stipulated under the laws regarding anti-money laundering) and (i) the written declaration of beneficial owners by transacting customers, among other provisions. Suspicious transactions must be reported to the FCIB.

To minimise the risk that the Bank and its financial subsidiaries are used as an intermediary in money laundering and other criminal activities, a programme of compliance with the obligations of anti-money laundering and combatting the financing of terrorism rules, which is to be followed by all employees, has been implemented throughout the Bank and its financial subsidiaries. This programme includes written policies and procedures, assigning a compliance officer to monitor this matter, an audit and review function to test the robustness of anti-money-laundering policies and procedures, monitoring and auditing customer activities and transactions in accordance with anti-money laundering legislation and regulations and employee training.

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. Türkiye provided written follow-up reports to the report in 2017, 2018 and 2019, demonstrating efforts it was making to comply with the OECD's recommendations. Changes in Turkish laws and practices have, and might continue to, arise from these recommendations, which the Bank will monitor. The Bank operates a zero tolerance approach to bribery and corruption and considers such activity to be unethical and contrary to good corporate governance. The Bank, its staff and associated persons are prohibited from engaging in bribery and corruption.

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. 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. On 23 February 2024, the FATF announced that Türkiye had completed a significant part of its action plan, which progress warranted a site visit to be conducted before June 2024. On 28 June 2024, Türkiye was removed from the "grey list."

Compliance with Sanctions Laws

Each of the United States, the United Nations Security Council, the UK, the EU 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 applicable 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 EU, U.S. 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 the Kherson, Zaporizhyzhya, Donetsk and Luhansk regions of Ukraine, 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 Offering Circular) 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 applicable Sanctions as they apply to Russia and Russian Persons.

Credit Ratings

Each of the Bank's credit ratings (and, where relevant, ratings outlooks) from Fitch as of the date of this Offering Circular 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 Fitch.

Fitch (17 September 2024)

Long-term Foreign Currency Issuer Default Rating/Outlook:	B / Positive
Short-term Foreign Currency Issuer Default Rating:	B
Long-term Local Currency Issuer Default Rating/Outlook:	B / Positive
Short-term Local Currency Issuer Default Rating:	B
National Long-term Rating/Outlook:	BBB (tur) / Positive
Viability Rating:	b

Legal Proceedings

The Group is subject to certain claims and legal actions arising in the ordinary course of business. There are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Bank is aware) that might have, or have had during the 12 months prior to the date of this Offering Circular, a significant negative effect on the financial position and/or profitability of the Bank or the Group. 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 June 2024, the Group had made provisions for litigation of TL 91.3 million.

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*"), which is conducted by the Bank for International Settlements (the "*BIS*").

General

The Bank's risk management, internal audit and control activities are carried out in compliance with applicable laws, and each of these activities is independent of executive functions through an organisation that directly reports to the Board.

The Board is ultimately responsible for establishing and ensuring the effective functioning of risk management, internal audit and internal control systems and for establishing, implementing and maintaining risk management, internal audit and control strategies and policies that are compatible with the Bank's capital and risk level.

The Bank measures and monitors its risk exposure both on a consolidated and unconsolidated basis by using methods compliant with international standards and in accordance with applicable laws. Advanced risk management tools are utilised in measuring operational risk, trading risk, asset and liability risk, counterparty credit risk and credit risk.

The Bank's risk management strategies, policies and implementation procedures are reviewed periodically in line with the Bank's needs and within the scope of regulatory changes.

Through the Bank's risk appetite framework, the Bank's management determines the risk level that it is prepared to take based upon the predicted capability of the safe handling of risks so as to achieve the goals and strategies defined by the Board. Risk-based limits are monitored regularly by way of risk appetite indicators pertaining to capital, liquidity and profitability that have been created in accordance with the risk appetite framework.

The Risk Management Department is responsible for preparing a capital adequacy assessment process report (the "*ICAAP Report*") to be submitted to the BRSA, which report presents an assessment of the Bank's risk appetite and internal capital adequacy assessment process. In addition, the Bank submits stress test reports to the BRSA, which reports address how the potential adverse effects of macroeconomic conditions in Türkiye might change the Bank's three-year budget plan and set forth certain scenarios and their impact upon certain key ratios of the Bank, including its capital adequacy ratios.

A summary of the Bank's management of certain risks is set forth below. See note 4 to the Bank's BRSA Interim Financial Statements for additional information on the management of these and other risks as of the date thereof.

Market Risk Management

The Bank measures its market risk according to applicable laws, its internal policies and procedures and internationally accepted methodologies, which are implemented in line with its structure, and reviews these continuously. Market risk is managed by measuring and limiting risk in accordance with these international standards, by allocating sufficient capital and minimising risk through hedging transactions.

Market risk is defined as the risk that the Bank faces due to market price fluctuations in the positions that it maintains on or off its balance sheet for trading purposes and is calculated daily using the VaR model. In order to identify the risks that might arise from major market volatilities, the Bank conducts regular stress tests and scenario analyses using the VaR model. The VaR is a measure of the maximum expected loss in the market price of a portfolio with a certain maturity at a certain confidence interval and a certain probability as a result of market value fluctuations. The VaR is calculated using a Monte Carlo method at a 99% confidence interval. Regular backtesting is conducted to measure the reliability of the VaR model, which is also validated on an annual basis. The VaR limits are determined in accordance with capital allocations approved by the Board and dynamically updated in line with changes in the Bank's shareholders' equity. These limits are monitored and reported daily by the Market Risk Department. The Bank's VaR limit usage was TL 86.5 million as of 30 June 2024.

VaR does not constitute an important risk for the Bank given the amount of the Bank's shareholders' equity. In order to identify the risks that might arise from major market volatilities, regular stress tests and scenario analyses are conducted using the VaR model.

Structural Interest Rate Risk Management

To determine and manage the Bank's exposure to structural interest rate risk arising from maturity mismatches in its balance sheet, duration/gap, economic value of equity ("*EVE*") and available-for-sale portfolio are monitored by measuring market price sensitivity.

The interest rate risk metrics that are calculated and the related reports that are generated are used by the Bank's management in managing balance sheet interest rate risk under the supervision of the Bank's Assets & Liabilities Committee ("*ALCO*").

Stress tests and scenario analyses are carried out within the framework of structural interest rate risk to measure the risks resulting from Bank-specific negative developments or major risks and vulnerabilities that might arise in the economic and financial environment under stress.

Results of stress tests are used by the Bank as one input in determining its risk appetite, limit and budget-related works, for generating balance sheet management strategies and for evaluating the Bank's need for capital.

Within this framework, internal limits for EVE sensitivity are regularly monitored and reported. The interest rate risk in the banking book is measured on an unconsolidated basis using the standard shock method. The regulatory limit is monitored and reported to the BRSA on a monthly basis. The Bank also monitors that its subsidiaries set and monitor internal structural interest rate risk limits.

Structural Exchange Rate Risk Management

The potential impact of negative exchange rate fluctuations upon the capital adequacy ratio and foreign currency risk-weighted assets is regularly followed up, monitored according to internal limits and reported, in circumstances in which the Bank performs material operations in currencies other than the local currency or maintains positions for shareholders' equity-hedging purposes. In addition, the Bank's foreign currency position and the profit/loss movements resulting from this position are monitored and reported at regular intervals.

Liquidity Risk Management

Within the framework of liquidity and funding risk policies approved by the Board, liquidity risk is managed under the supervision of ALCO in order to take appropriate and timely measures in case of reduced liquidity arising from market conditions or due to the Bank's financial structure. Under the liquidity contingency plan approved by the Board, the Bank monitors liquidity risk within the scope of early warning indicators, liquidity risk stress test and actions to be taken for each scenario in a corporate framework. As part of the liquidity risk stress test, a liquidity buffer level is assessed. Liquidity risk is monitored by internal limits and alert levels in order to assess the funding structure and liquidity capacity based upon maturity buckets and to manage short term funding sources effectively, while compliance with minimum regulatory liquidity ratios is monitored. Within the ICAAP, liquidity planning is performed annually.

Credit Risk Management

Credit risk management involves a process for consistently evaluating and monitoring credit risk, and covers all of the Bank's credit portfolios. Concentrations are monitored across the portfolio with respect to internal risk ratings, sectors, groups and clients. Under the BRSA Principles, a collective provision calculation is performed for the entire Bank. The adequacy of the Bank's internal capital is evaluated with stress tests and scenario analyses. In order to rate customers using objective criteria with respect to the non-retail loan portfolios, outputs from internal risk rating models, which were developed using statistical methods on historical data, are incorporated into the relevant lending policies and procedures.

Decision trees are used in the lifecycle of retail receivables. In the allocation processes of consumer, auto, mortgage, commercial mortgage, home equity and overdraft loans and credit card portfolios, which are evaluated under retail lending processes, a score is utilised, which score is a combination of application, payment history in the bank and bureau scores.

Collection performances of NPLs in any portfolio are analysed, and losses under different default rates are calculated in view of the time value of money and costs incurred for making collections, on the basis of segments in the case of non-retail loans and of products in the case of retail loans.

Operational Risk Management

Operational risk is managed by considering the principles that are determined by the Operational Risk policy approved by the Board. The five principles that constitute the operational risk approach of the Bank can be summarised as follows. Operational risk management is an integrated process to all the stages of the product and activity cycle. The process is conducted with the participation of all organisational levels in a spectrum that contains top management and also individual employees. The operational risks are defined considering cause, event and effect relationships. The operational risk management is optimised by analysing the costs and benefits of the actions that are taken. The operational risks are analysed within a transparent cycle that can be accessed by the entire organisation. The Board determines the risk appetite for operational risk and related limits and the Risk Committee ensures consistent and efficient implementation and maintenance of the operational risk management framework in relation to all activities, processes and products. The coordination of operational risk management activities has been done by the Bank's Risk Management department. The Risk Management Department designs, implements and applies assessment and measurement tools (*e.g.*, loss data, scenario analyses, risk indicators, self-assessment and a management control statement) for operational risk management and also coordinates actions to mitigate these risks. The Bank's Compliance department manages and coordinates compliance and regulatory risks within the BRSA's and other regulatory bodies' frameworks as part of the Bank's operational risk management. The Internal Audit Department independently reviews all aspects of the operational risk management framework and also acts as the third line of defence.

Reputational Risk Management

Reputational risk at the Bank is defined as the risk of possible damage to the Bank's brand and reputation, and the associated risk to earnings, capital or liquidity arising from any association, action or inaction that could be perceived by stakeholders to be inappropriate, unethical or inconsistent with the Bank's values and beliefs. The Bank's "Three Lines of Defence Principles" (operational management, risk management and compliance functions and internal audit) are in place to manage reputational risk properly.

The Bank manages its reputational risk by trying to avoid transactions and activities that might cause reputational risk in the view of legal authorities, the Bank's customers and other market participants. The Bank focuses significant attention to being beneficial to society, the natural environment and humanity. Training of employees is held with the aim of raising awareness about reputational risk throughout the Bank and encouraging all employees to fulfil their applicable duties and responsibilities. In order to ensure efficient management of reputational risk throughout the Bank, the Bank aims to preserve and improve its reputation with customers, and to minimise the Bank's impact upon the environment. Efforts carried out to this end include monitoring the media, the press and social media platforms with respect to the Bank's reputation and managing potential impacts; ensuring continued awareness of compliance with laws and corporate standards, and developing of processes that support the management of IT/information security and IT-related risks.

Counterparty Credit Risk

The counterparty credit risk strategy, policy and implementation principles are defined in a policy document approved by the Board. The Bank measures, monitors and creates limits for this risk in line with this policy. The Bank uses the standardised approach for regulatory purposes. Within this scope, the Bank employs risk mitigation techniques through its framework agreements (*e.g.*, ISDA, CSA and GMRA), obtaining collateral and complementing margins as part of counterparty credit risk management to the extent allowed by national and international law.

Concentration Risk Management

The Bank defines and monitors any concentrations among different types of risks or in any individual risk that might result in material losses that would endanger the Bank's ability to sustain fundamental activities or financial structure or lead to a significant change in the Bank's risk profile, within the framework of the policy approved by the Board. Qualitative and quantitative assessments of concentrations on the basis of individual risks or among risks are addressed in reports produced according to risk-oriented policies and procedures.

Risk Management in the Bank's Subsidiaries

Policies and procedures regarding risk management are established for the Bank's subsidiaries. Policies and procedures are prepared in compliance with applicable laws that each entity is subject to and the Bank's risk management strategy, which rules and procedures are reviewed regularly and revised if necessary. The Bank monitors that the risk management system is applied in such entities with the aim of ensuring that risks are defined, measured, monitored and controlled.

MANAGEMENT

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.

Board of Directors

The Board meets regularly and, with the guidance of the Bank's senior management, is instrumental in planning the medium-and long-term strategy of the Bank. The Board makes all major management decisions affecting the Bank. The Board acts as a supervisory body for the Bank's activities and determines the code of ethics and business conduct of the Bank.

Pursuant to the Bank's articles of association, the General Assembly of the Bank's shareholders sets the number of members on the Board, which should consist of at least five members. Currently, the Board consists of 10 members. Each member has a right of one vote and it is not permissible that members vote on behalf of another member by proxy. The members of the Board are appointed for a period of three years and a member may be re-elected.

The members of the Board may not participate in discussions relating to or vote for personal matters or any matter concerning interests of relatives such as their spouses and children or any company in which a member directly or indirectly holds a majority of shares.

Pursuant to a Shareholders' Agreement, dated 23 October 2015 and amended and restated on 3 June 2016, among Fiba Holding, the EBRD, the IFC and TurkFinance (the "*Shareholders' Agreement*") each of the EBRD, the IFC and TurkFinance are entitled to nominate a director to the Board, which the other shareholders would then vote for. Accordingly, Mr. Erbil, Ms. Edin and Mr. Kalkandelen were appointed to the Board by the nomination of the EBRD, the IFC and TurkFinance, respectively.

The directors of the Bank (the "*Directors*") are the following:

Director	Year First Appointed	Current End of Term
Hüsnü Mustafa Özyeğin (*Chairman*)	2010	29 March 2027
Fevzi Bozer (*Vice Chairman*)	2010	29 March 2027
Ömer Mert (*CEO*)	2017	29 March 2027
Mehmet Güleşci	2010	29 March 2027
Faik Onur Umut	2019	29 March 2027
Ali Fuat Erbil	2023	29 March 2027
Betül Ebru Edin	2023	29 March 2027
Erman Kalkandelen	2021	29 March 2027
Murat Özyeğin	2024	29 March 2027
Seyfettin Ata Köseoğlu	2020	29 March 2027
Lütfiye Yeşim Uçtum	2024	29 March 2027

Additional information on each of the Directors is set forth below:

Hüsnü Mustafa Özyeğin (Chairman)

Born in 1944, Mr. Hüsnü M. Özyeğin graduated from Robert College and from the Civil Engineering Department of Oregon State University, after which he completed an MBA at Harvard Business School. Over the years 1974 to 1984, Mr. Özyeğin was a board member and the General Manager of Pamukbank T.A.Ş. and, in the period 1984 to 1987, he served as Vice-Chairman of the Board of Directors and General Manager of Yapı Kredi Bankası A.Ş. He founded QNB Finansbank in 1987. Mr. Özyeğin was the Chairman of the Board at QNB Finansbank from its establishment up until 2010. He is currently the Chairman of the Board of the Fiba Group companies (which include the Bank). Mr. Özyeğin is currently serving as President of the Board of Trustees of the Hüsnü M. Özyeğin Foundation, which he established in 1990 in the awareness of corporate social responsibility, and is also a Trustee of AÇEV (Mother Child Education Foundation), which was established in 1993, and President of the Board of Trustees at Özyeğin University, which he founded in 2007. Mr. Özyeğin is the holder of the Harvard

Business School "2011 Alumni Achievement Award" and Member of the Board of Dean's Advisors of Harvard Business School.

Fevzi Bozer (Vice Chairman)

Mr. Fevzi Bozer was born in 1955 and, after graduating from the Department of Business at Indiana University, he completed an MBA at Roosevelt University. After working at Citibank over the years 1984 to 1988, Mr. Bozer joined QNB Finansbank in 1988 as a branch manager. He served as General Manager of QNB Finansbank Suisse from 1991 to 1993 and of QNB Finansbank from 1995 to 1999. Over the period 1999 to 2006, Mr. Bozer served as a board member at QNB Finansbank and, from 1997 until today, he also has served as a board member at Fiba Group banks abroad and at Fiba Holding.

Ömer Mert (CEO)

Born in 1969, Mr. Ömer Mert graduated from Istanbul Technical University's Industrial Engineering Department and also received a master's degree from Istanbul Technical University's Engineering Management Department. He began his career in the insurance sector in 1993, thereafter serving in various insurance companies. From 2003 to 2005, he worked at Fortis Emeklilik ve Hayat A.Ş. and, from 2005 to 2012, at Garanti Emeklilik ve Hayat A.Ş., in both cases as an Assistant General Manager. Most recently, Mr. Mert worked as the General Manager and a member of the Board of Directors of Fiba Emeklilik ve Hayat A.Ş from 2012 to 2017. As of January 2017, he has been appointed as a member of the Board and as the Chief Executive Office of the Bank. In addition, Mr. Mert is the Chairman of the Board of Finberg, Deputy Chairman of Fiba Portfolio Asset Management, Deputy Chairman of Fiba Insurance, a Member of the Board at Fiba Pension and Life, the Chairman of the Board at Alış Gidiş Elektronik Tic. A.Ş. and an Auditor Member of the Board of Directors of the Banks Association of Türkiye.

Mehmet Güleşci (Board Member)

Born in 1962, Mr. Mehmet Güleşci is a graduate of Boğaziçi University's Department of Business Administration, at which he also later earned a master's degree. Over the years 1984 to 1996, Mr. Güleşci worked in the İstanbul and Boston offices of Ernst & Young Company, receiving a CPA certification in Türkiye and in the State of Massachusetts. He was serving as a partner in Ernst & Young Company when he joined QNB Finansbank at the beginning of 1997. Mr. Güleşci worked as an Executive Vice President and Group CFO at QNB Finansbank until the end of 2009. He is currently Group CFO of the Fiba Group and serves as a board member of several of Fiba Group's financial and non-financial companies both in Türkiye and abroad.

Faik Onur Umut (Board Member)

Born in 1962, Mr. Umut is a graduate of Boğaziçi University's Industrial Engineering department. He worked at İktisat Bank A.Ş. from 1985 to 1988, joining Fiba Group in 1988. Mr. Umut worked as the General Manager of QNB Finansbank (Credit Europe Bank) Holland from 1996 to 1999 and of QNB Finansbank from 1999 to 2003. Since then, he has been a member of the board of directors of Fiba Group's international banks and Fiba Holding. He continues to be a board member of the Bank, Credit Europe Bank Russia and Credit Europe Bank Romania.

Ali Fuat Erbil

Born in 1968, Mr. Erbil graduated from the Middle East Technical University with a degree in Computer Engineering. Following his undergraduate studies, he obtained a master's degree at Bilkent University and completed his doctoral studies at İstanbul Technical University's Faculty of Management. He began his professional career at Interbank, where he worked from 1992 to 1997. From 1997 to 2019, Mr. Erbil served at Türkiye Garanti Bankaşı A.Ş., holding various managerial positions. After managing different departments, he took on roles as General Manager and Board Member of Türkiye Garanti Bankaşı A.Ş.. He also served as the Chairman of the Board at Garanti Bank International (Netherlands), Garanti Bank Romania, Garanti Leasing A.Ş., Garanti Emeklilik A.Ş., Garanti Faktoring A.Ş., Garanti Yatırım A.Ş., Garanti Payment Systems A.Ş. and Garanti Teknoloji A.Ş. Following his tenure at Türkiye Garanti Bankaşı A.Ş., Mr. Erbil continued his roles as a board member at Credit Europe Bank Netherlands and Ukraine, Dogan Holding A.Ş., Kanal D Romania and TAM Finans Faktoring A.Ş. In addition, he became a member of the Global Advisory Board of C2FO, a U.S.-based company.

Betül Ebru Edin

Born in 1969, Ms. Betül Ebru Edin graduated from Boğaziçi University's Department of Civil Engineering in 1993 and thereafter received a master's degree from Işık University. In 1993, Ms. Edin started her career in banking, moving to Türkiye Garanti Bankaşı A.Ş. in 1997, where she worked in the Corporate Banking Department until 2009 before taking on the role of Executive Vice President responsible for Project and Acquisition Finance. From 2017 to 2022, she was responsible for Corporate and Investment Banking at Türkiye Garanti Bankaşı A.Ş. Ms. Edin currently serves as the Chairperson of the Board of Directors of BSCD Türkiye (Business Council for Sustainable Development), the Board of Directors of the İstanbul Foundation for Culture and Arts (İKSV) and the Board of Directors of the 30 Percent Club.

Murat Özyeğin

Born in 1976, Mr. Murat Özyeğin graduated from Carnegie Mellon University with a double major in Industrial Management and Economics, after which he earned an MBA from Harvard Business School. He began his career in 1998 as a financial analyst in the New York office of the Merger and Acquisition Group of Bear Stearns & Co., transferring to the company's London office as a Senior Analyst in 2000. He returned to Türkiye in 2003 to take an active role in the management of the Fiba Group. Mr. Özyeğin established the Strategic Planning and Business Development divisions at Finansbank A.Ş. (owned by the Fiba Group until 2006) and Fiba Holding. Before assuming the role of Chairperson of the Fiba Group, Mr. Özyeğin served as a member of the Board of Directors from 2003 to 2019. He is also Vice Chairman of Credit Europe Bank and Chairman of all of its non-financial subsidiaries. Mr. Özyeğin also serves as Chairperson of the Türkiye–U.S. Business Council, Chairperson of the Advisory Board of the Women on Board Association Turkey, Vice President of the Energy Efficiency Association, Member of the Board of Trustees of Özyeğin University, Board Member of the Hüsnü M. Özyeğin Foundation, member of the Harvard University Global Advisory Council, member of the board of the Dean's Advisory of Harvard Business School, member of the Endeavor Board of Directors and member of the Global Relations Forum. He has been serving as Honorary Consul-General of the Republic of Singapore since 2016.

Erman Kalkandelen (Board Member)

Born in 1982, Mr. Kalkadelen holds a bachelor's degree from Ankara University's Faculty of Political Sciences, Department of Labour Economics and an MBA from Sabancı University. He is the CEO of Franklin Templeton Türkiye Danışmanlık A.Ş. and serves on the board of directors of Defacto Perakende Ticaret A.Ş., Şok Marketler Ticaret A.Ş. and Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş.

Seyfettin Ata Köseoğlu (Board Member)

Born in 1960, Mr. Köseoğlu graduated from Boğaziçi University's Department of Mechanical Engineering in 1982. He also completed a master's degree in Electrical Engineering from Lehigh University and received an MBA from Boston University. His banking career started in 1986 at İktisat Bank. From 1994 to 1999, Mr. Köseoğlu worked in the New York office of Bear Stearns and then, as Managing Director responsible for Türkiye and Middle East, at the Paris office of Société Générale. Mr. Köseoğlu was CEO at the London/Istanbul Credit Suisse First Boston Bank from 2000 to 2005, the Chairman and CEO at TEB Investment from 2006 to 2011 and, from 2011 to 2019, he concurrently served as the Strategy and Business Development President of Sabancı Holding A.Ş., the Chairman of Akçansa and Çimsa, the President of Retail Group and the Chairman of Carrefoursa and Teknosa. Mr. Köseoğlu currently serves as Senior Advisor at Simon Kucher Partners and acts as a consultant to various companies.

Lütfiye Yeşim Uçtum (Board Member)

Born in 1964, Ms. Lütfiye Yeşim Uçtum graduated from Boğaziçi University's Faculty of Business Administration. She started her professional career in 1986 at Ernst & Young Independent Audit Firm. She later served as the General Manager at Strateji Menkul Değerler, Assistant General Manager at Yapı Kredi Yatırım Menkul Değerler and Koçbank and as Finance Group Coordinator at Koç Holding. Since 2012, she has served as an Independent Board Member, Chairperson and Member of the Audit, Risk and Corporate Governance Committees in various institutions, including Burçelik, Aviva Sigorta, Marshall Boya, HSBC Bank Türkiye and, most recently, at Aksigorta and AgeSA Sigorta from 2018 to 2024. Ms. Uçtum also has a CPA licence.

The Executives

In addition to the Bank's CEO, the Bank's senior executives (the "*Executives*") as of the date of this Offering Circular include the following:

Executive	Title	Responsibility	Year Joined Bank
Elif Alsev Utku Özbey	Deputy General Manager	Chief Financial Officer	2011
Kerim Lokman Kuriş	Assistant General Manager	Corporate and Commercial Banking	2011
Ahu Dolu	Assistant General Manager	Financial Institutions, Project Finance & Investor Relations	2011
Gerçek Önal	Assistant General Manager	Legal	2012
Gökhan Ertürk	Assistant General Manager	Ecosystem and Platform Banking	2021
Turgay Hasdiker	Assistant General Manager	Corporate and Commercial Credits	2011
İbrahim Toprak	Assistant General Manager	Treasury	2020
Serdar Yılmaz	Assistant General Manager	Information Tech. & Banking Operations	2020

Additional information on each of the Executives is set forth below.

Elif Alsev Utku Özbey (Deputy General Manager and CFO)

Ms. Alsev Utku was born in 1971 and, after graduating from Boğaziçi University's Department of Business Administration, she received an MBA from Erasmus University/Rotterdam. After working at Price Waterhouse Coopers from 1994 to 1995, Mrs. Utku joined QNB Finansbank, where she served in various positions until 2009 (her last appointment at QNB Finansbank was Assistant General Manager responsible for Financial Reporting and Planning). In 2009, Mrs. Utku joined Fiba Holding as Finance Director and, in 2011, joined the Bank.

Kerim Lokman Kuriş (Assistant General Manager for Corporate and Commercial Banking)

Born in 1973, Mr. Kerim Lokman Kuriş graduated from American University's Business School and then started his banking career at QNB Finansbank in 1998. From 1999 to 2004, he worked in the Corporate Banking Department of QNB Finansbank Holland N.V. From 2005 until 2008, he worked in QNB Finansbank, serving in various positions in the Corporate and Commercial Banking Department, including as a Branch Manager. After working in the Corporate Banking Department of Credit Europe Bank N.V. from 2008 to 2010, Mr. Kuriş joined the Bank in 2011.

Turgay Hasdiker (Assistant General Manager for Corporate and Commercial Credits)

Mr. Turgay Hasdiker was born in 1969. After graduating from Istanbul University's Department of Economics in 1991, he started his banking career at Yapı Kredi Bankası A.Ş., where he served in the Corporate & Commercial Credits Department and the Corporate & Commercial Allocation Department from 1991 to 2003. Then, until 2006, he worked in the Corporate & Commercial Credits Department of Oyakbank A.Ş. From 2006 to 2011, he worked in the Commercial & SME Marketing Department at ING Bank A.Ş. Mr. Hasdiker joined the Bank in 2011.

Ahu Dolu (Assistant General Manager for Financial Institutions, Project Finance and Investor Relations)

Ms. Ahu Dolu was born in 1975 and is a graduate of Marmara University's Department of Economics. She started her banking career in 1997 at QNB Finansbank, serving in various positions in the International Division of QNB Finansbank until 2007 when she joined Fiba Holding as the Head of International Relations and Financing. She joined the Bank in 2011.

Gerçek Önal (Assistant General Manager for Legal)

Mr. Gerçek Önal, born in 1975, is a graduate of Ankara University's Faculty of Law. He also holds a master's degree in International Business Law (MBA) from Yeditepe University. Mr. Önal began his professional career at a private law firm before joining Türkiye Garanti Bankaşı A.Ş. in 2001 as a lawyer. In 2008, he moved to Garanti Payment Systems A.Ş., where he served as a Legal Counsel until 2012. In 2012, Mr. Önal joined the Bank, where he is currently the Chief Legal Counsel and Corporate Secretary in charge of Legal Consultancy Services, Execution Proceedings Services, Claims Services and Legal

Operations Services. In addition, Mr. Önal is a Board Member at Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş.

Gökhan Ertürk (Assistant General Manager for Ecosystem and Platform Banking)

Mr. Gökhan Ertürk, born in 1970, holds three bachelor's degrees from Boğaziçi University: one in Political Science and International Relations and the others from the Department of Electronics and the Department of Business Administration. In 1996 and 1997, he was an Assistant Manager in the Cash Management and Electronic Banking department of İktisat Bank. From 1997 to 2002, Mr. Ertürk worked as a Department Manager at Türk Ekonomi Bankası A.Ş. In 2002, he became the head of Akbank's SME Banking Department. Mr. Ertürk served as the Deputy General Manager of Retail Banking at DenizBank from 2006 to 2014, Deputy General Manager of Retail Banking at Şekerbank A.Ş. from 2014 to 2019 and the General Manager at Turk Finance A.Ş. from 2019 to 2021. He joined the Bank in 2021 as Assistant General Manager in charge of Ecosystem and Platform Banking.

İbrahim Toprak (Assistant General Manager for Treasury)

Mr. İbrahim Toprak, born in 1975, graduated from the Civil Engineering Department at Middle East Technical University in 1999 and received a master's degree in Business Management at the same university in 2003. In that year, he started his career as a Dealer Assistant at Akbank in the Fixed Yield Security department, thereafter working as a Dealer in Akbank's Treasury Marketing Department from 2004 to 2005. From 2005 to 2010, Mr. Toprak served as a manager in the Derivative Financial Instruments Trading department of Akbank, then worked as a manager in the Asset Liability Management & Funds Transfer Pricing department of Akbank from 2011 to 2018. From 2018 to 2020, he served as a manager in the Balance Sheet Management department of Akbank. He joined the Bank in 2020, where he currently serves as the Assistant General Manager in charge of Treasury as well as a Board Member at Fiba Portfolio Asset Management.

Serdar Yılmaz (Assistant General Manager for Information Technologies & Banking Operations)

Mr. Serdar Yılmaz, born in 1973, graduated from Middle East Technical University's Department of Electrical and Electronics Engineering in 1995, and completed a master's degree in Electrical and Electronics Engineering at the same university in 1998. He has an MBA degree, obtaining in in 2014 from Istanbul Bilgi University. Mr. Yılmaz started his professional career in 1995 as a Software Specialist in the Software Development Management department at Türkiye İş Bankası A.Ş., where he then served as an Application Architect and Project Manager from 1998 to 2004. Mr. Yılmaz then worked as a Program Manager at Softech from 2004 to 2008 before returning to Türkiye İş Bankası A.Ş. to serve as an IT Architecture Manager from 2008 to 2011, an IT Architecture and Business Intelligence Manager from 2011 to 2012, an IT Architecture and Data Management Manager from 2012 to 2015, the Chief Data Officer in the Data Management Department from 2015 to 2019 and the Artificial Intelligence Area Leader from 2019 to 2020. Mr. Yılmaz was also a member of the board of directors at Anadolu Hayat Emeklilik between 2015 and 2020. He joined the Bank as the Assistant General Manager in charge of Information Technologies and Banking Operations in September 2020.

Conflicts of Interest

Except as described in the following sentence, there are no actual or potential conflicts of interest between the duties of any of the Directors and any of the Executives to the Bank and their respective private interests or other duties. A number of Directors, including the Bank's Chairman, currently hold management positions at Fiba Group companies. As such, there might be a conflict of interest between the Directors' respective duties to the Bank and any duties they may owe to the Fiba Group.

Address

The business address of the Bank's executive management and the Board is the Bank's headquarters at Esentepe Mahallesi, Büyükdere Caddesi No. 129, Şişli, İstanbul, 34394 Türkiye. The Bank's telephone number is +90-212-381-8282.

Corporate Governance Communiqué

On 3 January 2014, the CMB issued Communiqué No. II-17.1 on Corporate Governance (as amended, the "*Corporate Governance Communiqué*"), which provides certain mandatory and non-mandatory corporate governance principles as well as rules regarding related-party transactions and a company's investor relations department for listed companies and companies that are deemed to be public. The Corporate Governance Communiqué also contains principles relating to: (a) companies' shareholders, (b) public disclosure and transparency, (c) the stakeholders of companies and (d) the Board. A number of principles are compulsory, while the remaining principles apply on a "comply or explain" basis.

As the Bank is neither a listed company nor deemed to be public, it does not fall within the scope of the Corporate Governance Communiqué; *however*, as a matter of "best practice," the Bank adheres to the relevant requirements of the Corporate Governance Communiqué as if they were applicable to the Bank. In addition, the Bank is subject to corporate governance principles stated in banking regulations published in the Official Gazette No. 26333 dated 1 November 2006. In line with these matters, the Bank has established a Corporate Governance Committee. The Corporate Governance Committee: (a) determines which principles of corporate governance to apply and, with respect to any that are not applied, to identify the reasons therefor and (b) gives advice to the Board in order to enhance the implementation of corporate governance.

Corporate Governance, Risk and Other Committees

In connection with the Bank's corporate governance obligations, the Bank has established various committees (or directors participate in certain Bank committees) that have been given primary responsibility for certain matters relating to the operation of the Bank. These committees include, among others, the Corporate Governance Committee, the Audit Committee, the Credit Committee, the Remuneration Committee and various risk committees. Certain information relating to some of these committees is set out below.

Corporate Governance Committee. The Corporate Governance Committee, under the chairmanship of Mr. Fevzi Bozer, was established for the purpose of monitoring the Bank's compliance with corporate governance principles, undertaking improvement efforts and presenting proposals to the Board. The committee convenes at least two times a year and:

- determines which principles of corporate governance to apply within the Bank, monitors whether these are implemented and, with respect to any that are not applied, identifies the reason therefor,
- presents suggestions to the Board for the improvement of corporate governance practices, and
- makes regular assessments about the structure and efficiency of the Board and presents suggested changes to the Board.

Audit Committee. The Audit Committee was set up to assist the Board in the performance of its audit and supervision functions. This committee convenes at least four times a year and is responsible for:

- monitoring the effectiveness and adequacy of the Bank's overall internal control system, risk management and internal audit functions, and overseeing the operation of these systems, functions and accounting and reporting systems in accordance with applicable regulations and the integrity of resulting information,
- approving annual risk assessment and audit plans,
- periodically meeting with independent auditors, internal audit, internal control, AML and IT Security functions to evaluate financial and process audit results as well as internal audit results, IT security incidents, AML activities and propose and follow-up on action plans where deemed necessary,
- conducting necessary preliminary evaluations for the selection of independent audit firms, and support services providers, and regularly monitoring the activities of these firms,
- regularly assessing that independency is preserved between financial audit, real estate appraisal and rating agency firms and the Bank,

- monitoring and evaluating retail customer complaints,
- ensuring that the internal audit functions of consolidated entities are performed in a consolidated and coordinated manner,
- developing the audit and control processes, and
- monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and takes action to keep them up-to-date.

Credit Committee. In accordance with the Banking Law, the Board has delegated a certain amount of its loan allocation authority to the Bank's Credit Committee. The Credit Committee is the second highest body of the Bank, second only to the Board. The Credit Committee holds weekly meetings to review loan proposals sent by the branches to the head office that exceed the head office's loan authorisation limit. The Credit Committee reviews these loan proposals and decides on those that are within its authorisation limits and in compliance with the provisions of the Bank's credit policy, and submits those others it deems appropriate but are outside of its authorised limits to the Board for finalisation.

Remuneration Committee. A Remuneration Committee, which meets at least twice a year, has been formed for the purposes of following and auditing remuneration practices on behalf of the Board. The Remuneration Committee's responsibilities are as follows:

- conducting the oversight and supervision process required to ensure that the Bank's remuneration policy and practices comply with applicable laws and risk management principles,
- reviewing, at least once a year, the Bank's remuneration policy in order to ensure compliance with applicable laws in Türkiye, or with market practices, and updating the policy, if necessary,
- presenting, at least once a year, a report including the findings and proposed action plans to the Board, and
- monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

Assets & Liabilities Committee. The main goal of the Assets & Liabilities Committee (*i.e.*, ALCO) is to assist the CEO with decision-making processes concerning assets and liabilities management (including liquidity and funding, interest rates and exchange rates) and capital. The ALCO, which meets every week, is structured around the following objectives:

- monitor and analyse profitability and net interest income,
- allow senior management to thoroughly understand, efficiently develop and refine the ALM and capital policies by assisting them in overseeing and supervising the management activities of the Finance Department,
- follow-up limits to control balance sheet and capital risks, as well as risk profiles defined by the Board,
- assess the status of financial markets and macro-economic variables,
- monitor that individual business lines are aligned in terms of overall objectives and proactively controlled, with regard to prudential risks under the ALM and capital function control,
- review and assess the impact of changes in market and other variables on the ALM risk and capital profile,
- evaluate strategies presented by the Finance Department and review the execution of previously approved actions,

- monitor regulatory capital-adjusted profitability measures,
- challenge and regularly monitor medium-term capital and liquidity plans for base scenarios and adverse or severely adverse scenarios,
- analyse extraordinary liquidity and funding situations that require the ALCO to be summoned (if deemed appropriate, the ALCO will activate the Liquidity Contingency Plan. The Liquidity Contingency Plan activation will be notified to the Corporate Asset Liability Committee),
- approve the Procedure for Hedge Accounting Transactions Process,
- approve the Funds Transfer Pricing Methodology,
- approve the Assumptions on Structural Interest Rate Risk Model, and
- monitor the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and take action to keep them up-to-date.

Risk Management Committee. The Risk Management Committee has been established to determine the Bank's risk management policies and implementation procedures thereof according to the opinion and within the knowledge of the Board, and then to ensure their implementation. The Risk Management Committee is responsible for evaluating and approving the risk management policy, practices and processes in order to establish and maintain an effective enterprise corporate risk management structure, overseeing the Bank's alignment with the risk profile approved by the Board. The duties of the Risk Management Committee, which meets at least twice a year, include:

- verifying that necessary actions are taken to ensure that adequate systems and resources are in place for managing the Bank's risks,
- encouraging a risk culture that will guarantee a coherent risk management and control model for the Bank and the implementation at all levels of the organisation,
- managing capital planning policies, practices and processes, including assessment of capital adequacy, and
- providing coordination between the Bank's risk management unit, loans and monitoring units, and exchanging opinions with them.

Information Security Committee. The Information Security Committee was established to develop and implement the Bank's information security policy. The committee is responsible for ensuring that the information security strategy complies with the Bank's requirements and best practices and for monitoring compliance with the information security policy, applicable standards and legal and regulatory requirements. The Information Security Committee convenes at least twice a year.

Information Technologies Strategy and Steering Committee. The Information Technologies Strategy and Steering Committee was formed to ensure that the Bank's IT strategies are compliant with the overall strategies and goals of the Bank. The committee prioritises IT investments, monitors that the Bank's IT investments are made in accordance with the IT strategy and budget and monitors compliance of the Bank's IT architecture, projects and service levels with agreed targets. The committee convenes on a quarterly basis.

Information Systems Sustainability Committee. The Information Systems Sustainability Committee was established to address continuity studies across the organisation more holistically, to ensure internal coordination and to carry out other functions in compliance with regulatory requirements. The committee convenes at least annually.

Compensation

The Group aims to provide compensation that allows it to attract and retain individuals with the skills necessary to manage successfully and grow its business. The Group's compensation policy seeks to provide total compensation that is competitive with other financial institutions similar to it in terms of size and complexity of operations. The Group's policy is to link a significant portion of its senior executives' compensation to the performance of the business through incentive plans. Therefore, in structuring remuneration packages, the Group aims to link potential rewards to the performance of the business, as well as to the performance of the individual.

Since the Board has delegated its authority to determine the remuneration of the Directors and Executives, including the Bank's CEO, to the Remuneration Committee, this committee determines the remuneration paid to the Directors and the Executives.

The total remuneration paid to the Executives and the Directors (including deferred or contingent compensation accrued for the year and benefits in kind) during 2023 amounted to TL 115,812 thousand (TL 135,615 thousand during the first six months of 2024).

The Group does not have any directors' service contracts providing for benefits upon termination of employment, nor (except as described in the next sentence) does it offer any share-based incentive programs to directors or employees. A minority stake of 1.6% in the Bank was sold to the management of the Bank in 2013, which holds 5.65% of the shares of the Bank as of the date hereof. From the third anniversary of such sale and onwards, the applicable manager has the right to sell the shares back to the Bank at the higher of net book value or the average price/book value of the top 10 publicly traded Turkish banks. In addition, these managers also have the right to sell their shares in any initial public offering or sale of the Bank at the same price of the related transaction.

Pension Plans. The Bank does not have any pension plans; *however*, according to applicable law, the Bank is obligated to pay termination benefits for employees who retire, die, quit for their military service obligations, have been dismissed as defined in the applicable law or (for female employees) have voluntarily quit within one year after the date of their marriage. Within the scope of Turkish Accounting Standards 19 ("Employee Benefits"), the Bank allocates seniority pay provisions for employee benefits by estimating the present value of the probable future liabilities. In addition, provisions are also allocated for employees' unused paid vacation.

SHARE CAPITAL AND OWNERSHIP

As of the date of this Offering Circular, the Bank's issued shares were held as follows:

Shareholder	Shares held	% of issued share capital
Fiba Holding A.Ş.	940,000,796	69.23%
TurkFinance B.V. (Franklin Templeton)	135,093,394	9.95%
International Finance Corporation	84,327,750	6.21%
European Bank for Reconstruction and Development	121,651,601	8.96%
Other shareholders	76,649,012	5.65%
Total	**1,357,722,553**	**100.00%**

The Shareholders' Agreement

The Shareholders' Agreement contains the parties' agreement regarding the composition of the Board and certain matters relating to the minority investors' consent rights. The Shareholders' Agreement provides (*inter alia*) that:

(a) the number of Directors comprising the Board shall be a maximum of 11 Directors, with each of the EBRD, the IFC and TurkFinance (the "*Minority Investors*") being entitled to nominate one director (each, an "*Investor Nominee Director*"); *provided* that such Minority Investor holds at least 5% of the total issued and outstanding shares of the Bank, and Fiba Holding shall procure that the Bank ensures that such Investor Nominee Directors are promptly appointed as a Director of the Bank. If the shareholding of any Minority Investor falls below 5%, then such Minority Investor is to promptly take all actions necessary for the resignation and removal of such Investor Nominee Director,

(b) to the extent permitted by applicable law, Fiba Holding shall procure that the Bank shall not take certain decisions or actions without the prior written consent of the Minority Investors for so long as the relevant Minority Investor's shareholding in the Bank at the time of taking the decision is at least 3%, including decisions with respect to a material change in the Bank's charter, the cancellation of the Bank's banking license and changing the nature of the Bank's business, and

(c) Fiba Holding shall procure that the Board shall not take certain decisions or actions without the affirmative vote of the greater of: (i) the total number of Investor Nominee Directors *minus* one and (ii) one Investor Nominee Director; *provided* that one or more Investor Nominee Director(s) has/have been appointed to the Board of the Bank, including decisions or actions relating to certain transactions with related parties that are not in the ordinary course of business, certain disposals or acquisitions of assets and certain commitments of debts or other obligations.

The Fiba Group

Established in 1987, the Fiba Group is owned by the Özyeğin Family and is one of Türkiye's largest private sector conglomerates, having US$15.7 billion in assets as of 31 December 2023 (the latest date for which such information is publicly available). As of such date, the Fiba Group had 13,125 employees. The Fiba Group provides services in various sectors, including:

- *Financial Services*: The financial services business is the flagship of the Fiba Group, and the Bank and Credit Europe Group, the Fiba Group's financial operations outside of Türkiye, are the central companies within the Fiba Group's financial services business.

- *Retail Business:* The Fiba Group operates its retail business through 91 stores and eight online marketplaces in Türkiye and 28 stores and one online marketplace abroad.

- *Real Estate Development & Asset Management:* The Fiba Group has both a wide range of real estate development projects and owns and operates landmark assets both in Türkiye and abroad.

- *Energy Sector:* Wind farms with an installed capacity of 553 MWm and five solar power plants with an installed capacity of 28 MWm are currently in operation. There are other energy projects under construction or development by the Fiba Group.

- *Özyeğin University:* Founded by the Hüsnü M. Özyeğin Foundation in 2007, Özyeğin University seeks to serve society as an innovative, creative and entrepreneurial education centre that is integrated with daily life.

- *Hüsnü M. Özyeğin Foundation:* Founded in 1990, this foundation is dedicated to promoting the social and economic development of Türkiye by supporting initiatives in the fields of education, health and culture.

- *AÇEV (Mother Child Education Foundation):* Since 1993, the Fiba Group has provided a third of AÇEV's total funding as well as logistic and administrative support. AÇEV works in the fields of early childhood, female literacy and parent training.

(Source: Fiba Group)

International Finance Corporation

The IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in the emerging markets.

The European Bank for Reconstruction and Development

The EBRD is owned by 64 countries and two intergovernmental institutions and supports the development of market economies and democracies.

TurkFinance B.V. (Franklin Templeton)

TurkFinance is an investment arm of Franklin Templeton Investments, which is a global investment firm known for its actively managed mutual funds serving clients in more than 160 countries.

Dividends and Dividend Policy

In accordance with Turkish law, the distribution of profits and the payment of any annual dividend in respect of the preceding fiscal year are recommended by the Board each year for approval by the Bank's shareholders at the annual shareholders' meeting, which must be held within the first three months following the end of the preceding fiscal year. In addition, as per the relevant BRSA decisions, Turkish banks (including the Bank) must consult with the BRSA before announcing any dividends. The Bank's dividend policy has always been to reinvest the total amount of any dividends in its capital.

To date, the Bank has not distributed any cash dividends to any of its shareholders since its acquisition by the Fiba Group in December 2010 as the Bank is reinvesting its earnings in its growth.

RELATED PARTY TRANSACTIONS

Under BRSA regulations, related parties of the Bank include: (a) entities or individuals that are directors, qualified shareholders (*e.g.*, holders of shares that represent, directly or indirectly, 10% or more of the capital or voting rights of the Bank or that yield the privilege to appoint members to the Bank's board of directors even though such rate is below 10%), 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), (b) the respective spouses and children of any of the aforementioned individuals, (c) affiliates and (d) entities under the common management or control of the Bank.

Turkish banking regulations limit exposure to related companies, and the Group's exposure to the Fiba 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."

During the period from 1 January 2019 to the date of this Prospectus, the Group had two types of exposure to related parties: (a) loans extended to the Fiba Group and (b) guarantees and other contingent liabilities issued on behalf of such entities. During this period, the Group did not have any exposure to the EBRD, the IFC or TurkFinance nor any deposits from or other liabilities to such entities. All of the related-party credit applications must go through the Group's normal credit review process. All extensions of credit to the related parties are made on an arm's-length basis and the credit and payment terms in respect of such credits are no more favourable than those offered to third parties.

Turkish banking regulations limit exposure to related parties to 20% of the total capital, and the Bank's exposure to the Fiba Group is well within the limit permitted by the regulations. See "Turkish Regulatory Environment - Lending Limits." The following tables indicate the level of the Group's relationships with members of the Fiba Group as of the dates indicated:

Fiba Group	**As of 31 December**			**As of**
	2021	**2022**	**2023**	**30 June 2024**
	(TL thousands, except percentages)			
Equity interests in Fiba Group companies (other than the Bank's own subsidiaries)	-	-	-	-
As a % of assets	-	-	-	-
As a % of shareholders' equity	-	-	-	-
Cash loans	526,105	894,640	1,325,467	1,036,182
As a % of assets	1.2%	1.2%	1.3%	0.9%
As a % of shareholders' equity	22.3%	13.6%	12.4%	7.5%
Contingent obligations	67,861	77,198	61,284	22,636
As a % of contingent obligations	6.8%	10.3%	5.8%	1.4%
As a % of shareholders' equity	2.9%	1.2%	0.6%	0.2%
Total Fiba Group Exposure	**593,966**	**971,838**	**1,386,751**	**1,058,818**

The Group's exposure to the Fiba Group is principally denominated in Turkish Lira. All the related-party loans are performing and the Group has never had to take provisions for, or to write-off any loan to, any of the companies of the Fiba Group. The contingent exposure to the Fiba Group primarily consists (or, as applicable, consisted) of letters of guarantee.

The Group also had derivative transactions with the Fiba Group as of the indicated dates as follows:

	As of 31 December			**As of**
	2021	**2022**	**2023**	**30 June 2024**
	(TL thousands)			
Fiba Group	404,723	1,577,483	129,289	483,647

The Group had deposits from members of the Fiba Group as of the indicated dates as follows:

	As of 31 December			As of 30 June 2024
	2021	**2022**	**2023**	
		(TL thousands)		
Fiba Group	629,029	2,650,352	1,985,416	1,887,412

The Group had wholesale funding (including subordinated debt) from members of the Fiba Group as of the indicated dates as follows:

	As of 31 December			As of 30 June 2024
	2021	**2022**	**2023**	
		(TL thousands)		
Fiba Group	499,870	1,634,578	1,106,000	786,170

Please refer to the BRSA Financial Statements incorporated by reference herein for additional information on related party transactions.

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 Bank PJSC acquired Sberbank's stake in Denizbank A.Ş. ("*Denizbank*"), a mid-sized bank in Türkiye, in 2019.

As of 31 December 2023, 53 banks (including domestic and foreign-owned banks but excluding the Central Bank) were operating in Türkiye (nine participation banks, which conduct their business under different legislation in accordance with Islamic banking principles, are not included in this analysis). Thirty-four of these were deposit-taking banks and the remainder were development banks and investment banks. Among the deposit-taking banks, three banks were state-controlled banks and, of the rest, nine were domestic banks, 21 were foreign-owned banks and one was under the administration of the SDIF. Among the development and investment banks, four were state-controlled and, of the rest, 11 were domestic banks and four were foreign-owned banks.

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 29.1% from 31 December 2013 to 31 December 2023, 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 26.5% and 31.4%, 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 46.5% and 60.0%, respectively, as of 31 December 2023 according to BRSA and Turkstat data, whereas 19 countries in the eurozone's banking sector had average loan and customer deposit penetration ratios of 167% and 159%, 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				
	2019	2020	2021	2022	2023
	(*TL millions, except percentages*)				
Balance sheet					
Loans	2,308,603	3,091,047	4,152,545	6,517,978	9,961,601
Total assets	3,904,022	5,281,462	7,882,807	12,337,664	20,130,009
Customer deposits	2,351,444	3,133,909	4,746,930	7,970,792	13,335,603
Shareholders' equity	425,808	519,022	615,560	1,227,326	1,822,813
Income statement					
Net interest income	146,242	192,159	236,431	682,763	596,268
Net fees and commission income	39,598	35,519	50,964	118,542	287,046
Total income	230,441	274,818	363,032	990,810	1,287,401
Net Profit	40,986	48,688	77,608	381,896	509,354
Key ratios					
Loans-to-customer deposits ratio	98.2%	98.6%	87.5%	81.8%	74.7%
Net interest margin(1)	4.0%	4.0%	3.9%	6.7%	4.6%
Return on average shareholders' equity(2)	11.1%	10.9%	15.0%	50.8%	33.7%
Capital adequacy ratio	18.0%	18.3%	18.1%	19.2%	18.4%

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 94.9% of total assets of deposit-taking banks as of 31 December 2023 according to data from the BRSA. Among the top 10 Turkish banks, there are three large state-controlled banks – T.C. Ziraat Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O. 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 45.1% of deposit-taking Turkish banks' performing loans and 47.6% of total deposits as of such date according to the BRSA. The top four non-government-owned banks as of such date were Türkiye İş Bankası A.Ş., Türkiye Garanti Bankaşı A.Ş., Yapı ve Kredi Bankası A.Ş. and Akbank T.A.Ş., which in total accounted for 38.0% of deposit-taking Turkish banks' performing loans and 37.2% of total 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, Denizbank and Türk Ekonomi Bankası A.Ş., which were controlled by QNB, Emirates NBD Bank PJSC and TEB Holding (a joint venture between BNP Paribas and Türkiye's Çolakoğlu Group), 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 obliged 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 for banks. 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. Furthermore, effective 1 January 2020, the Central Bank was designated as the payment and e-money services regulator in Türkiye, replacing the BRSA, in accordance with the Law on Payment Systems and Securities Settlement Systems, Payment Systems and Electronic Money Institutions No. 6493.

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 obliged 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. In addition, customers who are under the control of or economically dependent upon central management, central banks or governmental institutions that are subject to the same risk weight as receivables from central managements in accordance with the Capital Adequacy Regulation are not required to be considered in the same risk group merely because of such relationship; *provided* that there is no other relationship between those customers requiring them to be considered in the same risk group. Furthermore, on an exceptional basis and if the bank determines: (i) with regard to the risk group of individuals, partnerships and banks, the existence of special circumstances or protective corporate governance practices in relation to persons who are required to be in the same risk group, and (ii) with regard to persons who are required to be in the same risk group because of their economic dependence but that one party will not be affected by the default or financial difficulties of the other party by finding new sources of funds or business partners, such persons are not required to be in the same risk group.

(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 to 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 Offering Circular):

(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, 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. In addition, the Regulation on Loan Transactions of Banks published in the Official Gazette dated 21 December 2023 and effective as of 1 January 2024 (the "*Regulation on Loan Transactions*") (which repealed the Regulation on Loan Transactions of Banks published in the Official Gazette dated 1 November 2006) provides that banks whose gross non-performing loans are equal to or exceed 0.5% of the total non-performing loans in the Turkish banking sector, calculated as per the data of the previous year, are required to implement a resolution mechanism and operational plans regarding restructured loans and non-performing loans and send such strategies and plans to the BRSA each year by the end of March.

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.

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. 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 target capital adequacy ratio that is 4% higher than the 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 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 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 profit for such later period is increased by the amount of such reversals, which thus increases shareholders' equity. On 27 June 2024, in announcing that it is implementing the "Basel III: Finalising Post Crisis Reforms" published by the Basel Committee, the BRSA published the: (i) Draft Communiqué on the Calculation of the Amounts Subject to Operational Risk, (ii) Draft Regulation on the Measurement and Evaluation of the Interest Rate Risk Originated from Banking Accounts in Accordance with the Standard Approach and (iii) Draft Guide on Management of the Interest Rate Risk Originated from Banking Accounts.

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; *however*, as per BRSA Decision No. 10849 dated 15 February 2024, if such persons own only one residential property and such is destroyed or a destruction decision has been taken due to such property being determination to be a "risky building" (in Turkish: *riskli yapı*) within the scope of Law No. 6306 on the Transformation of Areas under Disaster Risk, then such increased risk weight will not be applicable), (b) the risk weights of consumer loans (excluding residential mortgage loans) qualifying as retail loans (in Turkish: *perakende alacaklar*) in accordance with the Capital Adequacy Regulation and instalment payments of credit cards from a range of 100% to 250% (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 and overdrafts from 20% to 0%. 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 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 were not applicable 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; *however*, as per BRSA Decision No. 10849 dated 15 February 2024, if such persons own only one residential property and such is destroyed or a destruction decision has been taken due to such property being determination to be a "risky building" (in Turkish: *riskli yapı*) within the scope of Law No. 6306 on the Transformation of Areas under Disaster Risk, then such increased risk weight will not be applicable.

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 Offering Circular, 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 Capital 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 Capital 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 Capital 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 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 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. For further information, see "Additional Tier 1 Rules."

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 Offering Circular) 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. On 27 June 2024, and in line with the above, the BRSA announced that it is implementing the "Basel III: Finalising Post Crisis Reforms" published by the Basel Committee and published certain draft regulations for this purpose.

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 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 Offering Circular, 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.

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 also 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 was 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 24 May 2024, the Central Bank amended such reserve requirement rates (effective retroactively to 10 May 2024) as follows: (a) the mandatory reserve requirement rate for on demand deposits, notice deposits and deposits with a maturity of up to (and including) three months was increased to 12% from 8% (amended again on 21 September 2024, effective retroactively to 13 September 2024, to 15%) and (b) the mandatory reserve requirement rate for deposits and participation accounts with a maturity longer than three months was increased to 8% from 0% (amended again on 21 September 2024, effective retroactively to 13 September 2024, to 10%).

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 (and including) 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 30 January 2024, the Central Bank decreased back to 25% the mandatory reserve rate for foreign exchange protected Turkish Lira-denominated deposit accounts with an original maturity up to (and including) six months. On 24 May 2024, the Central Bank further amended such rule (effective retroactively to 10 May 2024) as follows: (a) the mandatory reserve requirement rate for the foreign exchange protected Turkish Lira-denominated deposit accounts with an original maturity up to (and including) six months was increased to 33% from 25% and (b) the mandatory reserve requirement rate for foreign exchange protected Turkish Lira-denominated deposit accounts with an original maturity over six months was increased to 22% from 10%.

On 20 August 2023, the Central Bank 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, which was then increased to 8% by an amendment to the Communiqué Regarding Reserve Requirements on 30 January 2024 (amended again on 21 September 2024, effective retroactively to 13 September 2024, to 5%). On 7 March 2024, the Central Bank again amended the Communiqué Regarding Reserve Requirements so that, if the growth rate for certain categories of cash loans (*i.e.*, general purpose loans, vehicle loans and certain types of commercial loans) extended by a bank or financing company for any four-week calculation period (beginning with the first such period ending 29 March 2024 through the four-week calculation period ending 3 January 2025) exceeds 2% (which itself was amended on 20 July 2024 to 1.5% with respect to foreign currency loans) (each category of loans being considered separately) when compared to the amount of such category of cash loans as of the end of the previous four-week calculation period, then such bank or financing company is required to maintain additional blocked Turkish Lira reserves in an amount equal to such excess (on 23 May 2024, the Central Bank announced that, if a bank's monthly foreign currency loan growth exceeds such threshold, then it will be required to set aside a mandatory reserve equal to the Turkish Lira-equivalent of the excess amount, with such excessing to be blocked for one year). On 9 May 2024, the Central Bank further amended the Communiqué Regarding Reserve Requirements to exempt from these rules banks and financial institutions that do not meet a threshold based upon the proportion of loans to the size of the balance sheet as determined from time to time by the Central Bank.

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 was required to hold an amount of such securities equal to 1% (decreased from 4% to 1% pursuant to an amendment effective as of 29 March 2024) 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 23 February 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 (the rate was reduced to 2% as of 29 March 2024).

Additionally, the 20 August 2022 amendment provides that, for Turkish Lira-denominated commercial loans extended from 20 August 2022 to and including 30 December 2022, a Turkish bank is required (based upon a calculation to be made on the last Friday of every month) 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 (and including) 1.8 times higher than the Central Bank-released annual compound reference rate and (ii) 90% of the amount of such loans for which their annual compound interest rate is more than 1.8 times higher than such Central Bank rate.

The Regulation on the Maintenance of Securities was repealed as of 9 May 2024 and, as such, is only applicable to the BRSA Annual Financial Statements as of and for the year ended 31 December 2023.

With respect to commercial loans extended from (and including) 31 December 2022 to (and including) 29 December 2023, banks are required (based upon a calculation to be made on the last Friday of every month) 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% (depending upon the characteristics of the loan) 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 26 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 as of 25 July 2023 to 2.5% for Turkish Lira-denominated commercial cash loans (excluding export, investment, agricultural and tradesmen loans), 2.0% for vehicle loans and 2.5% for other Turkish Lira-denominated cash loans excluding consumer loans and then further reduced on 6 March 2024 to 2.0% for Turkish Lira-denominated commercial cash loans (excluding export, investment, agricultural and tradesmen loans) and 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 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. Effective from 16 March 2024, 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 pay a fee per four weekly calculation period if: (i) the renewal rate of foreign exchange protected accounts is less than 95% after 16 February 2024 and/or (ii) the increased share of Turkish Lira deposits/participation accounts (as calculated only for real persons) is less than various amounts between 0.4% and 1.2% below the share of to the previous calculation period and the increased share of Turkish Lira deposits/participation accounts (as calculated only for legal entities) is less than the share calculated for the previous period, which fee will be paid to the Central Bank after each calculation period with respect to renewal rate and/or Turkish Lira share of deposits/participation accounts and may be an amount up to 12% of the reserves required to be held by such bank with respect to its foreign exchange deposits.

In the second quarter of 2024, the Central Bank revised the remuneration rate for Turkish Lira-denominated required reserves as follows: (a) if a bank's renewal and conversion rate to Turkish Lira is at least 75%, then the Central Bank will pay interest on such reserves for foreign exchange protected accounts at a rate equal to 40% of the Central Bank's then-existing policy rate, and (b) the Central Bank will pay interest on Turkish Lira required reserves deposited for up to three months at a rate equal to 80% of the Central Bank's then-existing policy rate. On 29 August 2024, the Central Bank increased the upper limit of the interest rate applied to Turkish Lira-denominated required reserves based upon the level of the Turkish Lira conversion rate to 84% of Central Bank's then-existing policy rate.

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. Audit committees are required to consist of a minimum of two members, both of whom must be appointed from among the members of the board of directors who do not have executive duties. 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 Internal Systems and Internal Capital Adequacy Assessment Process of Banks, as issued by the BRSA and published in the Official Gazette No. 29057 dated 11 July 2014 (the "*ICAAP Regulation*"), banks are obliged 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 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 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: (a) in the event of the occurrence of an event described in clause (a), (b), (c), (d) or (h) of the preceding paragraph, to:

(i) strengthen its financial structure, increase its liquidity and/or increase its capital adequacy,

(ii) dispose of its fixed assets and long-term assets within a reasonable time determined by the BRSA,

(iii) decrease its operational and management costs,

(iv) postpone its payments under any name whatsoever, excluding the regular payments to be made to its employees, and/or

(v) limit or prohibit extension of any cash or non-cash loans to certain third persons, legal entities, risk groups or sectors, and

(b) in the event of the occurrence of an event described in clause (e), (f) or (g) of the preceding paragraph, to:

(i) 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

(ii) 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.

See "Presentation of Financial and Other Information" with respect to accounting requirements resulting from the recent high inflationary environment.

ESG Reporting

A decision of the POA dated 27 December 2023 (entering into force on 1 January 2024) requires Turkish banks that are not under the SDIF's administration to report on sustainability in accordance with the Turkish Sustainability Reporting Standards, which are prepared by the POA in compliance with the International Sustainability Reporting Standards.

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 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; *however*, as per BRSA Decision No. 10849 dated 15 February 2024, if such persons own only one residential property and such is destroyed or a destruction decision has been taken due to such property being determination to be a "risky building" (in Turkish: *riskli yapı*) within the scope of Law No. 6306 on the Transformation of Areas under Disaster Risk, then such increased risk weight will not be applicable.

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 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.

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.

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$150,000,000 Perpetual Fixed Rate Resettable Additional Tier 1 Notes (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 Fibabanka A.Ş. (the "*Issuer*") pursuant to the Agency Agreement dated 7 October 2024 (the "*Issue Date*") (such agreement as amended, supplemented and/or restated from time to time, the "*Agency Agreement*") and made among: (a) the Issuer, (b) The Bank of New York Mellon, London Branch, as fiscal agent (the "*Fiscal Agent*," which expression shall include any successor fiscal agent) and principal paying agent (with the Fiscal Agent and any other paying agents, the "*Paying Agents*," which expression shall include any additional or successor paying agents), and (c) The Bank of New York Mellon SA/NV, Dublin Branch, as registrar (the "*Registrar*," which expression shall include any successor registrar), transfer agent (the "*Transfer Agent*," which expression shall include any successor transfer and agent) and Paying Agent.

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 the 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 Additional Tier 1 Capital in compliance with Article 7 of the Equity Regulation (as defined in Condition 3.4) 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 nominee 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 7(2)(c) of the Equity Regulation.

3.4 Defined Terms

For the purposes of these Conditions:

"*Additional Tier 1 Capital*" means: (a) with respect to the Issuer and each other member of the Group (if any) that is a financial institution in Türkiye, additional tier 1 capital (in Turkish: *ilave ana sermaye*) as provided under Article 7 of the Equity Regulation, and (b) with respect to each member of the Group (if any) that is a financial institution organised in a jurisdiction other than Türkiye, additional tier 1 capital pursuant to the Applicable Banking Regulations in that jurisdiction,

"*Additional Tier 1 Instrument*" of a Person means any security, other instrument, loan or other obligation that constitutes Additional Tier 1 Capital of such Person,

"*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: (a) 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), and (b) with respect to any member of the Group that is organised in a jurisdiction other than Türkiye, such jurisdiction, in each case, whether or not they are applied generally or specifically to the Issuer or the applicable other member of the Group (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 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) Additional Tier 1 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, (b) to depositors, trade creditors and other senior creditors) and (c) to other subordinated creditors (including in respect of any Tier 2 Instruments), 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 (in Turkish: *katkı sermaye*) 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 six months after the end of each financial year of the Issuer, English language copies of its audited consolidated financial statements for such financial year, prepared (except to the extent noted therein) 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 six months of each financial year of the Issuer, English language copies of its unaudited (or, if published, audited) consolidated financial statements for such six month period, prepared (except to the extent noted therein) 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 statements shall be deemed to have been delivered on the date on which the Issuer has published such financial statements (in a manner that is readily accessible to all) on its website (as of the Issue Date, www.fibabanka.com.tr/en/about-us/investor-relations/financial-results) (the Issuer shall promptly notify the Fiscal Agent that the Issuer has published such financial statements 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 Turkish Accounting Standards 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 in respect of the period from (and including):

(a) the Issue Date to (but excluding) the First Reset Date at the rate of 10.250% *per annum* (the "*Initial Interest Rate*"), and

(b) each Reset Date to (but excluding) the next Reset Date (each a "*Reset Period*") at the rate *per annum* equal to the aggregate of: (i) the Reset Margin and (ii) the CMT Rate in relation to such Reset Period (the "*Reset Interest Rate*" and, with the Initial Interest Rate, each an "*Interest Rate*"), as determined by the Fiscal Agent on the applicable Reset Determination Date.

Interest on the Notes will be payable semi-annually in arrear on each of 7 April and 7 October (each an "*Interest Payment Date*") in each year in respect of the relevant Interest Period.

In the case of any partial Write-Down of the Notes and the cancellation pursuant to Condition 6.1 or 6.2, as the case may be, of any interest accrued and unpaid on the Notes to (but excluding) the date of such Write-Down, interest will continue to accrue on the remaining Prevailing Principal Amount of each Note following such Write-Down from (and including) the date of such Write-Down and shall be payable on the Interest Payment Date immediately following such Write-Down in respect of the period from (and including) the date of such Write-Down to (but excluding) such Interest Payment Date.

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 Write-Up or 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 each Relevant Time, determine the applicable Reset Interest Rate and cause: (a) it to be notified to the Issuer and, to the extent required by the rules thereof or applicable law, 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 delivered to the Noteholders and/or published in accordance with Condition 14, in each case, as soon as possible after its determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression "*London 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 London, United Kingdom.

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 Optional Cancellation of Interest

The Issuer may elect, in its sole and absolute discretion, to cancel any payment of interest in whole or in part at any time and for any reason. The Issuer shall, as soon as reasonably practicable following any such election, give notice to Noteholders in accordance with Condition 14 and to the Fiscal Agent of the cancellation of such interest payment. Any failure by the Issuer to give any such notice will not in any way impact on the effectiveness of, or otherwise invalidate, any such election or give Noteholders any rights. Subject to Condition 5.11, any such cancellation of interest does not in any manner result in the imposition of any restrictions on the Issuer.

5.6 Mandatory Cancellation of Interest

(a) Payments of interest (and, if applicable, Additional Amounts pursuant to Condition 9.1) in respect of the Notes shall be made only out of Distributable Items of the Issuer. To the extent that:

(i) as of the otherwise required time of any payment of interest (and, if applicable, Additional Amounts pursuant to Condition 9.1) in respect of the Notes, the Issuer has insufficient remaining Distributable Items for the applicable fiscal year of the Issuer to make such payment and all other interest payments (and, if applicable, tax gross-up payments with respect thereto) or distributions (and, if applicable, tax gross-up payments with respect thereto) (if any) required and/or already publicly announced and scheduled to be paid out of such remaining Distributable Items in the remainder of such fiscal year, in each case excluding any portion of such payments and distributions (other than on the Notes) already accounted for by way of deduction in determining the Distributable Items of the Issuer for such fiscal year, and/or

(ii) the BRSA, in accordance with Applicable Banking Regulations then in force, requires the Issuer to cancel the relevant payment of interest in respect of the Notes in whole or in part, then

the Issuer shall, without prejudice to its right in Condition 5.5 to cancel any such payment of interest in respect of the Notes, make partial or, as the case may be, no payment of interest (and, if applicable, Additional Amounts pursuant to Condition 9.1) in respect of the Notes.

(b) No payment of any amount of interest (and, if applicable, Additional Amounts pursuant to Condition 9.1) will be made in respect of the Notes if and to the extent that such payment would cause: (i) the Maximum Distributable Amount (if any) then applicable to the Issuer (on a bank-only and consolidated basis) to be exceeded; *provided* that a partial payment of interest (and, if applicable, such Additional Amounts) may be made to the extent that such partial payment does not cause the relevant Maximum Distributable Amount to be exceeded, or (ii) a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Instruments pursuant to Applicable Banking Regulations.

(c) The Issuer shall, as soon as reasonably practicable following the application of any requirement pursuant to clause (a) or (b) to make partial or (as the case may be) no payment of interest on the Notes, give notice thereof to Noteholders in accordance with Condition 14 and to the Fiscal Agent, which notice shall specify the reason for such requirement not to pay such interest. Any failure by the Issuer to give any such notice will not in any way impact on the effectiveness of, or otherwise invalidate, any such requirement to make partial or (as the case may be) no such payment of interest or give Noteholders any rights.

5.7 Interest Payments Non-Cumulative

Interest payments in respect of the Notes will be non-cumulative. Accordingly, if any payment of interest (or part thereof) is not made in respect of the Notes as a result of any cancellation of such payment of interest pursuant to the provisions of this Condition 5 or for any other reason described in these Conditions, then the right of the Noteholders to receive the relevant interest payment (or part thereof) will immediately and automatically be extinguished and the Issuer will have no obligation to pay such interest (or part thereof) or to pay any interest thereon, whether or not interest on the Notes is paid in respect of any future Interest Period.

5.8 Non-Payment Evidence of Cancellation

Except to the extent otherwise notified by the Issuer to the Fiscal Agent, if the Issuer does not make any payment of interest (or part thereof) (and, if applicable, Additional Amounts pursuant to Condition 9.1) on any Interest Payment Date, then such non-payment shall evidence the cancellation of such interest (and Additional Amounts, as applicable) payment (or relevant part thereof) or, as appropriate, the Issuer's exercise of its discretion to cancel such interest payment (or relevant part thereof), and, accordingly, such interest (and Additional Amounts, as applicable) (or part thereof) shall not in any such case be due and payable.

5.9 Cancellation not a Default

To the extent permitted by these Conditions, no cancellation of the payment of any interest (or part thereof) or non-payment of any interest (and Additional Amount, as applicable) (or part thereof) on the Notes will constitute a default or the occurrence of any event related to the bankruptcy 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 or in any way limit or restrict the Issuer from making any payment of interest, tax gross-up or similar payment or other distribution in connection with any Junior Obligation or Parity Obligation other than as described in Condition 5.11.

5.10 Mandatory Interest Payments upon a Capital Disqualification Event

If a Capital Disqualification Event (as defined in Condition 8.4) has occurred in respect of the Notes and the Notes are no longer eligible to comprise (in whole and not, for the purposes of this Condition 5.10, part only) Additional Tier 1 Capital of the Issuer, then, notwithstanding anything in these Conditions to the contrary: (a) the interest cancellation provisions in Conditions 5.5 through 5.9 shall cease to apply to the Notes and (b) the Issuer shall no longer have the discretion or obligation to cancel any interest payments due on the Notes following the occurrence of that Capital Disqualification Event. In addition, the Issuer will have the option to: (i) redeem the Notes as provided in Condition 8.4 or (ii) either substitute the Notes for Qualifying Additional Tier 1 Securities or vary the terms of the Notes as provided in Condition 8.5.

Following the occurrence of a Capital Disqualification Event, the Issuer shall give notice thereof to Noteholders in accordance with Condition 14 and to the Fiscal Agent. Any failure by the Issuer to give any such notice will not in any way impact on the effectiveness of, or otherwise invalidate, this Condition or give Noteholders any rights.

5.11 Restrictions Following Non-Payment of Interest

If, on any Interest Payment Date (or, if applicable, other date per Condition 7.4), any payment of interest in respect of the Notes scheduled to be made on such date is not made in full (whether or not it is cancelled (in whole or in part) pursuant to the above provisions), then (except to the extent required by Applicable Banking Regulations and other applicable law) thereafter:

(a) the board of directors of the Issuer shall not, directly or indirectly, recommend or, if proposed by shareholders of the Issuer, shall recommend to the shareholders of the Issuer that they reject, the payment of any optional Distribution (other than in the form of Ordinary Shares or any other class of share capital of the Issuer) on any Ordinary Shares or other class of share capital of the Issuer except to the extent that such Distribution is required by the articles of association and/or other constitutional documents of the Issuer or by Applicable Banking Regulations and/or other applicable law, and

(b) the Issuer shall not directly or indirectly redeem, purchase or otherwise acquire any Junior Obligations (including any Ordinary Shares or other class of share capital of the Issuer) other than in relation to: (i) transactions in securities effected by or for the account of customers of the Issuer or any of its Subsidiaries or in connection with the distribution or trading of, or market making in respect of, such securities, (ii) the satisfaction by the Issuer of its obligations under any employee benefit plans, share or option schemes, dividend reinvestment plans or similar arrangements with or for the benefit of officers, other employees or directors of the Issuer and/or any of its Subsidiaries (or former officers, other employees or directors of the

Issuer and/or any of its Subsidiaries or the personal service company of any of such persons or their respective spouses or relatives), (iii) a reclassification of any share capital of the Issuer or the exchange or conversion of one class or series of such share capital for another class or series of such share capital or (iv) the purchase of any share capital of the Issuer or fractional rights to such share capital pursuant to the provisions of any outstanding securities of the Issuer or any of its Subsidiaries being converted or exchanged for such share capital in order to fulfil its obligations under such outstanding securities,

in each case until the earliest of the date on which: (A) the interest (and Additional Amount, as applicable) scheduled to be paid in respect of the Notes on any two consecutive Interest Payment Dates following any such non-payment of interest has been paid in full, (B) all outstanding Notes have been redeemed or purchased and cancelled in full or (C) the Prevailing Principal Amount of each Note has been Written Down to zero (and thus been cancelled pursuant to Condition 6.4).

5.12 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, but subject to the cancellation provisions of this Condition 5, 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.

5.13 Defined Terms

For the purposes of these Conditions:

"*30/360*" means the number of days in the relevant Interest 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,

"*Applicable Distribution Regulations*" means at any time the laws (including regulations, communiqués and regulatory decisions), requirements, guidelines and policies relating to the making of any distribution by the Issuer to its shareholders by way of dividend then in effect in Türkiye (including, without limitation to the generality of the foregoing, the Turkish Commercial Code (Law No. 6102), the Capital Markets Law (Law No. 6362), the Banking Law, the Capital Adequacy Regulation, the Equity Regulation, the Regulation on Capital Conservation and Countercyclical Capital Buffers, the Regulation on Systemically Important Banks, the BRSA decision No. 6602 dated 18 December 2015 and those regulations, communiqués, decisions, requirements, guidelines and policies relating to the making of any such distribution of the BRSA and the CMB), in each case, to the extent then in effect in Türkiye and whether or not they are applied generally or specifically to the Issuer (with respect to requirements, guidelines or policies, whether or not any such requirements, guidelines or policies have the force of law),

"*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 London, United Kingdom and New York City, United States of America, "*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,

"*Distributable Items*" for any fiscal year of the Issuer means those items that (net of tax) may be used by the Issuer for dividend distribution to its shareholders during such fiscal year in accordance with Applicable Distribution Regulations, including, without limitation, any retained earnings and other applicable reserves available for such distribution,

"*Distribution*" means any dividend or distribution to shareholders in respect of the Ordinary Shares or any other class of share capital of the Issuer, whether of cash, assets or other property (including a spin-off), and however described and whether payable out of a share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including any distribution or payment to any shareholders of the Issuer upon or in connection with a reduction of capital,

"*First Reset Date*" means 7 April 2030,

"*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,

"*Maximum Distributable Amount*" means, as of any time, the maximum distributable amount as required to be calculated in accordance with Applicable Distribution Regulations at such time,

"*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 or increased (on one or more occasion(s)) by any Write-Up, in each case 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, with respect to each Reset Determination Date, at or around 11:00 a.m. (New York City time) on such 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 Date*" means the First Reset Date and each date falling on the fifth anniversary of the previous Reset Date, "*Reset Determination Date*" means, in relation to a Reset Date, the third Business Day immediately preceding such Reset Date,

"*Reset Margin*" means 6.684% *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 3.566% *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 TRIGGER EVENT OR A NON-VIABILITY EVENT AND REINSTATEMENT

6.1 Trigger Event Write-Down of the Notes

If at any time the CET1 Ratio(s) of the Issuer and/or the Group, in each case as determined by the Issuer, is/are less than 5.125% (a "*Trigger Event*"), then:

(a) to the extent necessary to restore such CET1 Ratio(s) to 5.125% (or, if lower than such level, to the highest level possible) on the applicable Trigger Event Interest Cancellation/Write-Down Date, the Issuer shall first cancel (on a *pro rata* basis with respect to the Notes) pursuant to Condition 5.5 any interest in respect of the Notes accrued and unpaid to (but excluding) the applicable Trigger Event Interest Cancellation/Write-Down Date (including if payable on such Trigger Event Interest Cancellation/Write-Down Date) (a "*Trigger Event Interest Cancellation*"); *provided* that, to the extent possible under the terms of the then-existing Other Trigger Event Loss-Absorbing Instruments and permitted by Applicable Banking Regulations, such cancellations with respect to the Notes shall not exceed the amount determined on a *pro rata* basis with the cancellation of any interest or other similar payments then accrued and unpaid with respect to Other Trigger Event Loss-Absorbing Instruments (such *pro rata* basis to be calculated based upon the amount of such interest or similar payments then accrued and unpaid),

(b) if such is insufficient to restore the CET1 Ratio(s) of the Issuer and/or the Group, as the case may be, to 5.125% on the applicable Trigger Event Interest Cancellation/Write-Down Date, then the Issuer shall (without any requirement for the consent or approval of the Noteholders) reduce the then Prevailing Principal

Amount of each Note by the relevant Trigger Event Write-Down Amount (any such reduction, a "*Trigger Event Write-Down*" and, with a Non-Viability Event Write-Down (as defined in Condition 6.2), a "*Write-Down*;" and "*Written Down*" and "*Writing Down*" shall be construed accordingly in the context of a Trigger Event Write-Down), and

(c) the Issuer shall as promptly as reasonably possible notify the BRSA that a Trigger Event has occurred.

Promptly following the occurrence of a Trigger Event, the Issuer shall give notice of such Trigger Event to Noteholders in accordance with Condition 14 and to the Fiscal Agent, which notice shall also specify: (x) the date on which the applicable Trigger Event Interest Cancellation and, if applicable, the applicable Trigger Event Write-Down shall occur (the "*Trigger Event Interest Cancellation/Write-Down Date*"), which shall be as soon as reasonably practicable and in any event by such date as Applicable Banking Regulations may require, and (y) the amount of the applicable Trigger Event Interest Cancellation and, if applicable and then determined, the applicable Trigger Event Write-Down Amount (a "*Trigger Event Notice*"). If a Trigger Event Write-Down Amount is applicable but has not been determined when the Trigger Event Notice is given, then the Issuer shall, as soon as reasonably practicable following such determination, give notice of the applicable Trigger Event Write-Down Amount to Noteholders in accordance with Condition 14 and to the Fiscal Agent. Any failure by the Issuer to give any such notice will not in any way impact on the effectiveness of, or otherwise invalidate, any Trigger Event Interest Cancellation or Trigger Event Write-Down or give Noteholders any rights.

Any Trigger Event Write-Down of the Notes shall be effected such that the Prevailing Principal Amount of each Note will be Written Down *pro rata* with the other Notes. In addition, except as may otherwise be required by Applicable Banking Regulations, the calculation of the Trigger Event Write-Down Amount of the Notes shall take into account the write-down, conversion into equity or other similar or equivalent action relating to each Other Trigger Event Loss-Absorbing Instrument to the extent required to restore the CET1 Ratio(s) of the Issuer and/or the Group, as applicable, to the lower of: (A) the Specified Trigger Threshold of such Other Trigger Event Loss-Absorbing Instrument and (B) 5.125% (or, if lower than such lower level, to the highest level possible).

To the extent such write-down, conversion into equity or other similar or equivalent action relating to any Other Trigger Event Loss-Absorbing Instrument is not possible as a result of Applicable Banking Regulations, the terms of such Other Trigger Event Loss-Absorbing Instrument or otherwise, this shall not in any way impact any Trigger Event Write-Down of the Notes and the only consequence shall be that the Prevailing Principal Amount of each Note shall be Written Down and the Trigger Event Write-Down Amount shall be determined, both as provided below, without taking into account any such write-down, conversion into equity or other similar or equivalent action relating to such Other Trigger Event Loss-Absorbing Instrument.

Following the giving of a Trigger Event Notice that specifies a Trigger Event Write-Down of the Notes, the Issuer shall procure (or, with respect to its Subsidiaries, use best efforts to procure) that, to the extent possible (including to the extent permitted by the terms of the applicable Other Trigger Event Loss-Absorbing Instrument):

(1) a similar notice is, or has been, given by the Issuer (or, with respect to any Other Trigger Event Loss-Absorbing Instrument of a Subsidiary, by such Subsidiary) in respect of each Other Trigger Event Loss-Absorbing Instrument (in each case, in accordance with, and to the extent required by, its terms), and

(2) any interest and/or other amounts payable with respect to each Other Trigger Event Loss-Absorbing Instrument is/are cancelled and, if applicable, the prevailing principal amount outstanding of each Other Trigger Event Loss-Absorbing Instrument is written down, converted into equity or subject to another action to the maximum extent possible in accordance with its terms prior to or, as appropriate, as soon as reasonably practicable following the giving of such Trigger Event Notice.

The Issuer shall calculate and (by no later than the delivery of the applicable financial statements pursuant to Condition 4.3) publish the CET1 Ratios of the Issuer and the Group with respect to the end of each fiscal quarter of the Issuer, which publication can be effected by including such information within the applicable such financial statements.

6.2 Non-Viability Event Write-Down of the Notes

Under Article 7(2)(j) of the Equity Regulation, to be eligible for inclusion as Additional Tier 1 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 7(2)(j) 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 cancel pursuant to Condition 5.5 any interest in respect of the Notes accrued and unpaid to (but excluding) the date of occurrence of that Non-Viability Event (including if payable on such date) and:

(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 Non-Viability Event 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 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 Junior Obligations (including CET1 Capital) 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 Non-Viability Event Write-Down Amount (any such reduction, a "*Non-Viability Event Write-Down*," and "*Written Down*" and "*Writing Down*" shall be construed accordingly in the context of a Non-Viability Event Write-Down).

For these purposes, any determination of a Non-Viability Event 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 Offering Circular, 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 Non-Viability Event 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 6.2, while the Notes may be Written Down before any transfer or liquidation as described in the preceding paragraph, a Non-Viability Event 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 Non-Viability Event 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 Non-Viability Event 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 Non-Viability Event 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 Non-Viability Event Write-Down or give Noteholders any rights.

6.3 No Default

The occurrence of a Trigger Event, a Non-Viability Event, a Trigger Event Interest Cancellation or any Write-Down shall not constitute a default or the occurrence of any event related to the bankruptcy 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.

6.4 Interest Cancellation and/or Write-Down May Occur on More than One Occasion and Noteholders will have no Further Claim in respect thereof

A Trigger Event or a Non-Viability Event may occur on more than one occasion and, accordingly: (a) 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, and/or (b) there may be a cancellation of interest pursuant to Condition 6.2 and/or a Trigger Event Interest Cancellation on more than one occasion.

Noteholders will have no further claim against the Issuer in respect of any Written-Down Amount or any such interest cancellation and if, at any time, the Notes are Written Down in full, then the Notes shall be cancelled and the Noteholders will have no further claim against the Issuer in respect of any Notes.

6.5 Reinstatement

To the extent the Prevailing Principal Amount of a Note is greater than zero but less than its Initial Principal Amount at any time as a result of a Trigger Event Write-Down, the Issuer may increase the Prevailing Principal Amount of each Note (a "*Write-Up*") up to a maximum of its Initial Principal Amount. Any Write-Up (including the amount of such Write-Up) shall be:

(a) subject to compliance with Applicable Banking Regulations (including, if required by Applicable Banking Regulations, to having obtained the prior approval of the BRSA),

(b) otherwise in the sole and absolute discretion of the Issuer,

(c) effected only to the extent that a positive Distributable Net Profit was calculated with respect to the most recent published audited annual financial statements of the Issuer (*i.e.*, on an unconsolidated basis) prepared in accordance with the BRSA Principles,

(d) effected on a *pro rata* basis with the other Notes and no less than on a *pro rata* basis with any Other Written-Down Additional Tier 1 Instruments of the Issuer or other members of the Group that have terms permitting a principal write-up to occur on a basis similar to that set out in these provisions in the circumstances existing on the date of the relevant Write-Up,

(e) subject to the Maximum Distributable Amount (if any) then applicable to the Issuer (on a bank-only and consolidated basis) (when the amount of the relevant Write-Up is aggregated with any other Relevant Distributions) not being exceeded thereby, and

(f) effected only if the sum of:

(i) the aggregate amount of the relevant Write-Up on all of the Notes,

(ii) the aggregate amount of any payments of interest in respect of the Notes that were paid on the basis of a Prevailing Principal Amount of a Note that was lower than the Initial Principal Amount of such Note at any time after the end of the Issuer's previous fiscal year,

(iii) the aggregate amount of the increase in principal amount of each Other Written-Down Additional Tier 1 Instrument of the Issuer and of other members of the Group at the time of the relevant Write-Up,

(iv) the increase in the Prevailing Principal Amount of each Note and the principal of any such Other Written-Down Additional Tier 1 Instrument as a result of any previous write-up (Write-Up for the Notes) since the end of the Issuer's previous fiscal year, and

(v) the aggregate amount of any payments of interest or distributions in respect of each such Other Written-Down Additional Tier 1 Instrument that were paid on the basis of a principal amount that was (solely due to such principal amount having been written down other than as described in the definition of Other Written-Down Additional Tier 1 Instruments) lower than the principal amount it was issued with or originally incurred in respect of such Other Written-Down Additional Tier 1 Instrument at any time after the end of the Issuer's previous fiscal year,

does not exceed the Maximum Write-Up Amount as of the date of the relevant Write-Up.

In addition, no Write-Up shall be effected:

(A) if a Trigger Event has occurred in respect of which the Trigger Event Write-Down has not yet occurred,

(B) if a Trigger Event has occurred in respect of which the Trigger Event Write-Down has occurred but the CET1 Ratio(s) of the Issuer and/or the Group has/have not been restored to at least 5.125%,

(C) if the Write-Up (with any corresponding write-up of all Other Written-Down Additional Tier 1 Instruments of the Issuer or other members of the Group that have terms providing for such write-up) would cause a Trigger Event to occur,

(D) if a Non-Viability Event has occurred in respect of which the Non-Viability Event Write-Down has not yet occurred,

(E) if a Non-Viability Event has occurred at any time subsequent to a Trigger Event insofar as the amount of the Notes Written Down pursuant to that Trigger Event is concerned, or

(F) in respect of any Written-Down Amount of the Notes that has been Written Down pursuant to a Non-Viability Event Write-Down.

The Issuer shall not write-up or otherwise reinstate the principal amount of any Other Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a write-up of such principal amount to occur on a similar basis to that set out in these provisions unless the Issuer does so on no more than a *pro rata* basis with a Write-Up of the Notes.

A Write-Up may be made on more than one occasion in accordance with these provisions until the Prevailing Principal Amount of each Note has been reinstated to its Initial Principal Amount.

Any decision by the Issuer to effect or not to effect any Write-Up pursuant to these provisions on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to these provisions.

If the Issuer decides to Write-Up the Notes pursuant to these provisions, notice (a "*Write-Up Notice*") of such Write-Up shall be given to Noteholders in accordance with Condition 14 and to the Fiscal Agent and the Registrar specifying the amount of such Write-Up (as a percentage of the Initial Principal Amount of a Note that results in a *pro rata* increase in the Prevailing Principal Amount of each Note) and the date on which such Write-Up shall take effect (which Write-Up the Registrar shall effect on such date). Such Write-Up Notice shall be given at least 10 Business Days prior to the date on which the relevant Write-Up is to become effective.

6.6 Defined Terms

For the purposes of these Conditions:

"*Accounting Currency*" means Turkish Lira or such other primary currency used in the presentation of the Issuer's consolidated financial statements prepared in accordance with the BRSA Principles from time to time,

"*CET1 Capital*" means, at any time, the common equity Tier 1 Capital (in Turkish: *çekirdek sermaye*) of the Issuer or the Group, as the case may be, as calculated by the Issuer in accordance with Applicable Banking Regulations at such time, including any applicable transitional, phasing in or similar provisions,

"*CET1 Ratio*" means, at any time, with respect to the Issuer or the Group, as the case may be, the ratio (expressed as a percentage) of the aggregate amount (in the Accounting Currency) of the CET1 Capital of the Issuer or the Group, respectively, at such time divided by the Risk-Weighted Assets Amount of the Issuer or the Group, respectively, at such time, all as calculated by the Issuer in accordance with Applicable Banking Regulations at such time,

"*Distributable Net Profit*" means the non-consolidated net profit of the Issuer, as calculated and set out in the most recent published audited annual non-consolidated financial statements of the Issuer prepared in accordance with the BRSA Principles, less any items: (a) required to be deducted prior to any distribution of such net profit by the Issuer to its shareholders or (b) not otherwise eligible for such distribution, in each case in accordance with Applicable Distribution Regulations,

"*Junior Loss-Absorbing Instrument*" means any Other Non-Viability Event Loss-Absorbing Instrument that is or represents a Junior Obligation,

"*Maximum Write-Up Amount*" means the Distributable Net Profit *multiplied by* the result of: (a) the sum of the aggregate Initial Principal Amount of the Notes and the aggregate initial principal amount of all Other Written-Down Additional Tier 1 Instruments of the Issuer *divided by* (b) the total Tier 1 Capital of the Issuer, each as of the date of the relevant Write-Up, or any higher amount permissible pursuant to Applicable Banking Regulations in force on the date of the relevant Write-Up,

"*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-Viability Event 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 Non-Viability Event Write-Down is to be Written Down, which shall be determined as described in Condition 6.2 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 (with a Trigger-Event Write-Down Amount, a "*Write-Down Amount*," and "*Written-Down Amount*" shall be construed accordingly),

While a Non-Viability Event 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 Non-Viability Event Write-Down as provided in Condition 6.2.*

"*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 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),

"*Other Trigger Event Loss-Absorbing Instrument*" means, at any time, any security, other instrument, loan or other obligation (other than the Notes) issued or incurred directly or indirectly by the Issuer or any other member of the Group and has terms pursuant to which all or some of its principal amount may be written down (whether on a permanent or temporary basis), converted into equity or be subjected to any other similar or equivalent action (in each case, in accordance with its terms) on the occurrence, or as a result, of the CET1 Ratio of the Issuer or the Group (or both) falling below a specified threshold (for each such Other Trigger Event Loss-Absorbing Instrument, its "*Specified Trigger Threshold*"),

"*Other Written-Down Additional Tier 1 Instrument*" means any security, other instrument, loan or other obligation (other than the Notes) issued or incurred directly or indirectly by the Issuer or any other member of the Group and that qualifies as Additional Tier 1 Capital of the Issuer or any other member of the Group, as the case may be, and that, immediately prior to the relevant Write-Up, has a prevailing principal amount that is lower than the principal amount that it was issued with or originally incurred in respect of due to such principal amount having been written down (other than as a result of: (a) for the Issuer, a Non-Viability Event, (b) for any other member of the Group that is a financial institution organised in Türkiye, a Non-Viability Event as if the definition thereof (and related definitions) referred to such other member instead of the Issuer, and (c) for any other member of the Group that is a financial institution organised in a jurisdiction other than Türkiye, a non-viability event under the Applicable Banking Regulations of such jurisdiction),

"*Parity Loss-Absorbing Instrument*" means any Other Non-Viability Event Loss-Absorbing Instrument that is or represents a Parity Obligation,

"*Relevant Distributions*" means distributions of the Issuer of the kind the payment of which from the Distributable Items of the Issuer is subject to the Maximum Distributable Amount then applicable to the Issuer (on a bank-only and consolidated basis) not being exceeded by such payment,

"*Risk-Weighted Assets Amount*" means, at any time, with respect to the Issuer or the Group, as the case may be, the aggregate amount (in the Accounting Currency) of the risk-weighted assets or equivalent of the Issuer or the Group, as the case may be, as calculated by the Issuer in accordance with Applicable Banking Regulations at such time,

"*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,

"*Tier 1 Capital*" means tier 1 capital as provided under Article 5 of the Equity Regulation, and

"*Trigger Event Write-Down Amount*" means, except as may otherwise be required by Applicable Banking Regulations, the amount by which the then Prevailing Principal Amount of each outstanding Note is to be Written Down *pro rata* with the other Notes pursuant to a Trigger Event Write-Down, which amount shall be determined by the Issuer as:

(a) the amount of such Prevailing Principal Amount that (with the *pro rata* write-down or conversion into equity of each Other Trigger Event Loss-Absorbing Instruments to the extent possible and taking into account any action to the maximum extent possible in respect of any Other Trigger Event Loss-Absorbing Instruments and any write-down, conversion into equity or other similar or equivalent action in respect of any securities, other instruments, loans and other obligations of any Subsidiary of the Issuer) would be sufficient to restore the CET1 Ratio(s) of the Issuer and/or the Group, as the case may be, to 5.125%; *however*: (i) with respect to each Other Trigger Event Loss-Absorbing Instrument, such shall be so taken into account only up to the amount by which it is possible for such Other Trigger Event Loss-Absorbing Instrument in accordance with its terms to be written down, converted into equity or otherwise impacted on up to a *pro rata* basis with any Trigger Event Write-Down of the Notes and (ii) such calculation shall not take into account any further write-downs, conversions into equity or other similar or equivalent actions with respect to any Other Trigger Event Loss-Absorbing Instrument ("*Further Write-Downs*"), or

(b) if the amount determined pursuant to clause (a) would be insufficient to so restore such CET1 Ratio(s), then the amount necessary to reduce the Prevailing Principal Amount of each Note to one cent.

6.7 Agents not Liable for Losses

No Agent shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Trigger Event or a Non-Viability Event (or its disapplication, if applicable) or any consequent Write-Up or Write-Down, any cancellation of any Notes (in whole or in part) or any reinstatement of any claims in respect thereof, and no Agent shall be responsible for any calculation or determination, or the verification of any calculation or determination, in connection with the foregoing in this Condition.

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.

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 or other laws to which the Issuer and/or Agents are subject, 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*"). 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 sentence, payments of interest on a Note (whether represented by a Definitive Certificate or a Global Certificate) will be made by transfer on the due date 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 the close of business on the relevant Record Date. 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.

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 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, London 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 No Fixed Maturity

The Notes are perpetual securities with no fixed maturity or date for redemption and are only redeemable in accordance with the following provisions of this Condition 8.

8.2 Redemption at the Option of the Issuer (Issuer Call)

Subject to Condition 8.9, the Issuer may, having given not less than five 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), 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 from (and including) the fifth anniversary of the Issue Date (*i.e.*, 7 October 2029) to (and including) the First Reset Date or on any Interest Payment Date thereafter, in each case at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption.

8.3 Redemption for Taxation Reasons

Subject to Condition 8.9, if, 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 3 October 2024 (the "*Agreement Date*"):

(a) on the next Interest Payment Date:

  (i) 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 8.3) the Issuer may, at its option, having given not less than five 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 8.3, 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.

8.4 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 five 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 Additional Tier 1 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 Additional Tier 1 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 8.3 or 8.4, as the case may be, then the Issuer may, instead of giving notice to redeem the Notes pursuant to Condition 8.3 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 five 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 Additional Tier 1 Securities or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Additional Tier 1 Securities.

For the purposes of this Condition 8.5, "*Qualifying Additional Tier 1 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 8.2, (v) be eligible for inclusion as Additional Tier 1 Capital of the Issuer and (vi) subject to the provisions hereof relating to the cancellation of interest, 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 to 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, other than as provided in this Condition 8.

8.9 Revocation of Notice of Redemption, Substitution or Variation upon the Occurrence of a Trigger Event or 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, as applicable, a Trigger Event or 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 Trigger Event Interest Cancellation or interest cancellation pursuant to Condition 6.2 and, if applicable, a Write-Down shall occur in respect of the Notes as described in Condition 6.

Following the occurrence of a Trigger Event or 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 Trigger Event Interest Cancellation or interest cancellation pursuant to Condition 6.2, as the case may be, and, if applicable, a 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) a Subordination Event occurs or (b) any order is made by any competent court, or resolution is passed, for the winding-up, dissolution or liquidation of the Issuer (each of clause (a) or any of the events described in clause (b), an "*Enforcement Event*"), then the holder of any Note may claim or prove in the winding-up, dissolution or liquidation of the Issuer but (in either case) may take no further or other action 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 an Enforcement Event 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 (if not cancelled pursuant to Condition 5), 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 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 5.6, 5.11, 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

Subject to the last paragraph of this Condition 18.2, 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 any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any 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: (a) any Proceedings against the Issuer in any other court of competent jurisdiction and (b) 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 none of the Bank or the Joint Bookrunners 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 the Joint Bookrunners 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 and 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 Offering Circular, 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 of 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 Offering Circular, 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 gains 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, 6655, 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, 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 income generated in 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); *provided* that, effective from a fiscal period starting in the year 2025, the corporate income tax rate on profits from specific public-private partnership and build-operate-transfer projects is 30% and a "minimum corporate income tax" requires a minimum amount of tax to be calculated at a flat rate of 10% based upon pre-exemption and pre-deduction net corporate income. 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%.

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 Offering Circular, a Foreign Financial Institution in an IGA jurisdiction would generally not be required to withhold under FATCA or such IGA from Foreign Passthru 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 Offering Circular. 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 3 October 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 each of the Joint Bookrunners against certain liabilities incurred in connection with the issue, offer and sale of the Notes.

One or more of the Joint Bookrunners 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, a Joint Bookrunner might overallot or create a short position in the Notes (or beneficial interests therein) for its own account by selling more Notes (or beneficial interests therein) than have been sold to it by the Issuer. A Joint Bookrunner might also elect to cover any such short position by purchasing Notes (or beneficial interests therein) in the open market. In addition, one or more of the Joint Bookrunners 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. None of the Issuer or any of the Joint Bookrunners makes any representation: (a) that any Joint Bookrunner will engage in these transactions or that these transactions, if commenced, will not be discontinued without notice or (b) as to the magnitude or effect of any such stabilising or other transactions. Under English law, stabilisation activities may only be carried on by the Stabilisation Manager (or Persons acting on behalf of the Stabilisation Manager) and only for a limited period following the Issue Date.

Investors in the Notes who wish to trade interests in the Notes on their trade date or otherwise before the Issue Date should consult their own advisor.

All or certain 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 other member of the Group might from time to time hedge their credit exposure to the Issuer and/or other members of the Group pursuant to 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 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.

Citigroup Global Markets Limited and Standard Chartered Bank (and/or their respective affiliates) are acting as dealer managers in connection with the Tender Offer and might receive proceeds from the Tender Offer to the extent that they own and tender Existing Tier 2 Notes pursuant to the Tender Offer.

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.

Each Joint Bookrunner has agreed that none of it, any of its affiliates or any person acting on behalf of it or any of its respective affiliates: (a) has engaged or will engage in any directed selling efforts within Türkiye in connection with the Notes, (b) has engaged or will engage in any form of general solicitation or general advertising in connection with any offer and sale of the Notes in Türkiye and (c) will make any disclosure in Türkiye in relation to the Issuer, the Notes or this Offering Circular without the prior consent of the Issuer, except as may be required by law.

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 it 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 Joint Bookrunner 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 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 Offering Circular 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 Offering Circular 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 Offering Circular 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 it 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 Offering Circular 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 Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the offering of the Notes has been or will be filed by the Issuer or the Joint Bookrunners 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 Offering Circular 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 Offering Circular, with an address on the date of this Offering Circular 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 BRSA Interim Financial Statements, all of which have been filed with Euronext Dublin, shall be incorporated into, and form part of, this Offering Circular.

Following the publication of this Offering Circular, a supplement to this Offering Circular might be prepared by the Issuer and approved by Euronext Dublin in accordance with Rules 3.10 to 3.13 of the "Listing and Admission to Trading Rules for Debt Securities" of GEM. Statements contained in any such supplement (or contained in any document included or 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 Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular. This Offering Circular is valid until the Notes are admitted to the Official List and to trading on GEM.

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

Copies of the BRSA Financial Statements incorporated by reference into this Offering Circular can be obtained without charge from the registered office of the Bank and on the Bank's website at www.fibabanka.com.tr/en/about-us/investor-relations/financial-results.

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 Offering Circular 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 Offering Circular. Where there is any inconsistency between the information contained in this Offering Circular and the information contained in (or incorporated by reference into) the information incorporated by reference herein, the information set out in this Offering Circular shall prevail.

Any documents themselves incorporated (or portions of which are incorporated) by reference into the documents incorporated by reference into this Offering Circular do not (and shall not be deemed to) form part of (and are not incorporated into) this Offering Circular.

Except for the BRSA Financial Statements incorporated by reference into this Offering Circular to the extent set out on the website referenced above, the contents of any website referenced in this Offering Circular do not, and shall not be deemed to, constitute a part of, nor are incorporated into, this Offering Circular.

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 12 March 2024.

Legal Entity Identifier (LEI)

The Legal Entity Identifier (LEI) of the Issuer is 789000VTPKJYEVGSWM35.

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 GEM and this Offering Circular has been approved by Euronext Dublin. It is expected that admission of the Notes to the Official List and to trading on GEM will be granted on the Issue Date, subject only to the issue of the Notes. GEM is not a regulated market for the purposes of MiFID II.

Listing Agent

Walkers 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 GEM.

Documents Available

For as long as the Notes are admitted to the Official List and to trading on GEM, 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 Offering Circular),

(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 Offering Circular.

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: www.fibabanka.com.tr); *provided* that: (i) the articles of association of the Issuer can be found at www.fibabanka.com.tr/en/about-us/investor-relations/compliance and (ii) the BRSA Financial Statements can be found at www.fibabanka.com.tr/en/about-us/investor-relations/financial-results. Such websites do not, and shall not be deemed to, constitute a part of, nor are incorporated into, this Offering Circular.

Clearing Systems

The Global Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg (ISIN: XS2801110581, Common Code: 280111058, CFI Code: DBFNPR and FISN: FIBABANKA AS/10.25EUR NT PERP).

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 Offering Circular, the Issuer hereby confirms that, other than to the extent described in (including in the information incorporated by reference into) this Offering Circular, there has been: (a) no material adverse change in the prospects of the Issuer since 31 December 2023 and (b) no significant change in the financial or trading position of the Issuer or the Group since 30 June 2024.

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 Offering Circular 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.

Independent Auditors

The BRSA Annual Financial Statements were audited by KPMG 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 KPMG's independent auditor's report included within each of the BRSA Annual Financial Statements.

The BRSA Interim Financial Statements have been reviewed by independent auditors KPMG in accordance with the Standard on Review Engagements (SRE) 2410 ("Review of Interim Financial Information Performed by the Independent Auditor of the Entity") as stated in their review report included in each of the BRSA Interim Financial Statements. Each of such reports 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 performed in accordance with independent auditing standards and (b) it does not express an opinion on the BRSA Interim Financial Statements. 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.

KPMG, independent auditors and independent certified public accountants in Türkiye, is authorised by the BRSA to conduct independent audits of banks in Türkiye. KPMG is located at İş Kuleleri Kule 3 Kat 2-9, Levent, Beşiktaş, 34330, İstanbul, Türkiye.

Each of KPMG's reports included in the BRSA Financial Statements incorporated by reference herein contains a qualification (see "Risk Factors – Risks Relating to the Group and its Business – Other Group-Related Risks – Audit Qualification" for further information).

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.

INDEX OF DEFINED TERMS

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 whether 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. On 11 January 2024, the BRSA announced that such will apply for banks for accounting periods starting from 1 January 2025. As a result: (a) the BRSA Financial Statements incorporated by reference into this Offering Circular have not applied, and the BRSA Financial Statements for the remainder of 2024 will not apply, the inflation adjustment standards of TAS 29, (b) such inflation adjustments are expected to be applied starting from the BRSA Financial Statements as of and for the three months ended 31 March 2025 and (c) the Group's and the Bank's BRSA Financial Statements for 2025 and thereafter will not be comparable to financial statements from earlier periods prepared without such inflation adjustment. In addition, as of and from 31 December 2023 until the full inflation adjustments are made in 2025, 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, monetary gain/loss arising from such inflation accounting in the 2024 and 2025 accounting periods will not be taken into account in determining taxable earnings.

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.

Modified Financial Assets

Following the implementation of IFRS 9 as of 1 January 2018, the BRSA Principles regarding classification and measurement as well as expected credit loss principles applicable to financial instruments' portfolios were aligned with IFRS; *however*, the BRSA made some amendments to the application of the relevant BRSA Principles through communiqués and other laws, which amendments resulted in some differences in terms of staging and expected credit loss calculations between the BRSA Principles and the application of IFRS.

In accordance with IFRS 9, at each reporting date, an entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, then an entity shall assess whether there has been a significant increase in the credit risk of the financial instrument by comparing:

(a) the risk of a default occurring at the reporting date (based upon the modified contractual terms), and

(b) the risk of a default occurring at initial recognition (based upon the original, unmodified contractual terms).

In accordance with the BRSA Principles, an entity can measure the loss allowance for the financial instrument of which contractual cash flows have been renegotiated or modified at an amount equal to 12-month expected credit losses without assessing whether there has been a significant increase in the credit risk of the financial instrument.

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