BASE PROSPECTUS

QNB FİNANSBANK A.Ş.
US$5,000,000,000
Global Medium Term Note Programme

Under this Global Medium Term Note Programme (the "*Programme*"), QNB Finansbank A.Ş., a banking institution organised as a joint stock company under the laws of the Republic of Turkey ("*Turkey*") registered with the İstanbul Trade Registry under number 237525 (the "*Bank*" or the "*Issuer*"), may from time to time issue notes (the "*Notes*") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below) or investor(s).

Notes may be issued in either bearer or registered form (respectively, "*Bearer Notes*" and "*Registered Notes*"); *provided* that the Notes may be offered and sold in the United States only in registered form except in certain transactions permitted by U.S. tax regulations. As of the time of each issuance of Notes, the maximum aggregate nominal amount of all Notes outstanding under the Programme will not exceed US$5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued from time to time to: (a) one or more of the Dealers specified under "General Description of the Programme - The Programme" and any additional Dealer(s) appointed under the Programme from time to time by the Issuer (each a "*Dealer*"), which appointment may be for a specific issue or on an ongoing basis, and/or (b) one or more investor(s) purchasing Notes (or beneficial interests therein) directly from 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 may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person ("*U.S. person*") as defined in Regulation S under the Securities Act ("*Regulation S*") except to "qualified institutional buyers" ("*QIBs*") within the meaning of Rule 144A under the Securities Act ("*Rule 144A*") in a transaction satisfying the conditions of Rule 144A or unless another exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of the United States and each applicable state or other jurisdiction of the United States. See "Form of the Notes" for a description of the manner in which Notes will be issued. For a description of certain restrictions on the sale and transfer of investments in the Notes, see "Transfer and Selling Restrictions." 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.

This base prospectus (this "*Base Prospectus*") has been approved by the Central Bank of Ireland as competent authority under Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended, the "*Prospectus Regulation*"). The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer or the quality of the Notes and investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to Notes that are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, "*MiFID II*") and/or that are to be offered to the public in any member state (a "*Member State*") of the European Economic Area (the "*EEA*") in circumstances falling within Article 1(4) of the Prospectus Regulation. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("*Euronext Dublin*") for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its official list (the "*Official List*") and to trading on its regulated market (the "*Regulated Market*"). The Regulated Market is a regulated market for the purposes of MiFID II. This Base Prospectus (as supplemented from time to time, if applicable) is valid until 28 April 2022 in relation to Notes that are to be admitted to trading on a regulated market in the EEA. In case of a significant new factor, material mistake or material inaccuracy relating to the information included in this Base Prospectus that may affect the assessment of a Series of Notes and that arises or is noted between the date of this Base Prospectus and the closing of the offer period or the time when trading on a regulated market begins for such Series, whichever occurs later, such shall be mentioned in a supplement to this Base Prospectus without undue delay in accordance with Article 23(1) of the Prospectus Regulation. In accordance with Article 21(8) of the Prospectus Regulation, the obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Base Prospectus is no longer valid.

References in this Base Prospectus to any Notes being "listed" (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms, such Notes have been admitted to the Official List and to trading on the Regulated Market.

Application has been made to the Capital Markets Board (the "*CMB*") of Turkey, in its capacity as competent authority under Law No. 6362 (the "*Capital Markets Law*") of Turkey relating to capital markets, for its approval of the issuance and sale of Notes by the Bank outside of Turkey. No Notes may be sold before the necessary approvals are obtained from the CMB. The CMB approval based upon which any offering of the Notes may be conducted was obtained on 15 May 2020 and, to the extent (and in the form) required by applicable law, a written approval of the CMB in relation to each Tranche (as defined herein) of Notes will be required to be obtained on or before the issue date (an "*Issue Date*") of such Tranche of Notes. Unless the Bank obtains the necessary new approvals from the CMB, the aggregate debt instrument amount issued under such approval (whether issued under the Programme or otherwise) cannot exceed US$5,000,000,000 (or its equivalent in other currencies).

Under current Turkish tax law, withholding tax might apply to payments of interest on the Notes. See "Taxation - Certain Turkish Tax Considerations."

Notice of the aggregate principal amount of a Tranche of Notes, interest (if any) payable in respect of such Notes, the issue price of such Notes and certain other information that is applicable to such Notes will be set out in a final terms document (for a Tranche, its "*Final Terms*"). With respect to Notes to be listed on Euronext Dublin or any other regulated market in the EEA, the applicable Final Terms will be filed with the Central Bank of Ireland and Euronext Dublin or such other market, as applicable. Copies of Final Terms for such listed Notes will also be published on the Issuer's website at https://www.qnbfinansbank.com/en/investor-relations/financial-information.

The Programme provides that Notes may be listed and/or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s) or (in the case of Notes purchased directly from the Issuer by one or more investor(s)) the relevant investor(s) (as set out in the applicable Final Terms). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Programme has been rated "B+" (for long-term issuances) and "B" (for short-term issuances) by Fitch Ratings Limited ("*Fitch*") and "B2" (for long-term issuances) and "Not Prime" (for short-term issuances) by Moody's Investors Service Limited ("*Moody's*" and, with Fitch, the "*Rating Agencies*"). The Bank has also been rated by the Rating Agencies as set out on pages 82 and 83 of this Base Prospectus. Please see such page with respect to the Rating Agencies' registration/endorsement in the United Kingdom and/or the European Union. Series of Notes may either be rated by any rating agency (including by any one or more of the Rating Agencies) or unrated. Where a Tranche of Notes is rated (other than unsolicited ratings), the initial such rating(s) will be disclosed in the Final Terms for such Tranche and will not necessarily be the same as the rating assigned by the applicable rating agency to the Notes of other Series or (if rated by Fitch and/or Moody's) the rating described above. 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.

Arranger

Standard Chartered Bank

Dealers

Citigroup	**Commerzbank**	**Deutsche Bank**	**HSBC**
ING	**J.P. Morgan**	**Mizuho Securities**	**Morgan Stanley**
QNB Capital	**Société Générale Corporate & Investment Banking**		**Standard Chartered Bank**

The date of this Base Prospectus is 28 April 2021.

This document constitutes a base prospectus for the purposes of Article 8 of the Prospectus Regulation. This document does not constitute a prospectus for the purposes of 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 Base Prospectus and, for each Tranche of Notes, the applicable Final Terms. To the best of the knowledge of the Issuer, the information contained in (including incorporated by reference into) this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect the import of such information.

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

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

To the full extent permitted by applicable law, none of the Dealers, the Arrangers, the Agents or any of their respective affiliates accept any responsibility for: (a) the information contained in (including incorporated by reference into) this Base Prospectus or any other information provided by (or on behalf of) the Issuer in connection with the Programme or an issue and offering of Notes (or beneficial interests therein), (b) any statement consistent with this Base Prospectus made, or purported to be made, by a Dealer or an Arranger or on its behalf in connection with the Programme or an issue and offering of Notes (or beneficial interests therein) or (c) any acts or omissions of the Issuer or any other Person (as defined in Condition 5.4) in connection with the Programme or an issue and offering of Notes (or beneficial interests therein). Each Dealer and Arranger and their respective affiliates accordingly disclaims 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 Arrangers and Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor or potential investor in the Notes of any information coming to their attention.

In connection with the Programme or an issue of Notes, 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 Base Prospectus or any other information supplied by (or with the consent of) the Issuer and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Arrangers or Dealers.

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

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

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

This Base Prospectus may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally provided by (or on behalf of) the Issuer or a Dealer.

GENERAL INFORMATION

The distribution of this Base Prospectus and/or the offer or sale of Notes (or beneficial interests therein) might be restricted by applicable law in certain jurisdictions. None of the Issuer, the Arrangers or the Dealers represent that this Base Prospectus may be lawfully distributed, or that any Notes (or beneficial interests therein) may be lawfully offered, in any such jurisdiction or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer that is intended to permit a public offering of any Notes (or beneficial interests therein) or distribution of this Base Prospectus, any advertisement or any other material relating to the Programme 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 Base Prospectus nor any advertisement or other material relating to the Programme 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 Base Prospectus or any Notes (or beneficial interests therein) come(s) must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus, any advertisement or other material relating to the Programme and the offering and/or sale of Notes (or beneficial interests therein). In particular, there are restrictions on the distribution of this Base Prospectus and the offer and/or sale of Notes (or beneficial interests therein) in (*inter alia*) Turkey, the United States, the EEA (including Belgium), the United Kingdom, the People's Republic of China (the "*PRC*"), the Hong Kong Special Administrative Region of the PRC ("*Hong Kong*"), Singapore, Japan, Switzerland and Thailand. See "Transfer and Selling Restrictions."

In making an investment decision with respect to any Notes, investors must rely upon their own examination of the Issuer and the terms of the Notes (or beneficial interests therein) being offered, 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 Banking Regulation and Supervision Agency (in Turkish: *Bankacılık Düzenleme ve Denetleme Kurumu*) (the "*BRSA*") of Turkey, the CMB and the Central Bank of Ireland described herein, have not been approved or disapproved by any securities commission or other regulatory authority in Turkey or any other jurisdiction, nor has any such authority (other than the Central Bank of Ireland to the extent described herein) approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary might be unlawful.

None of the Arrangers, the Dealers, 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 applicable 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 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 advisers, whether it:

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

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular circumstances, an investment in the applicable 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 applicable Notes, including Notes with principal or interest payable in one or more currency(ies) or where the currency for principal and/or interest payments is different from such potential investor's currency,

(d) understands thoroughly the terms of the applicable Notes 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 applicable laws and/or to review or regulation by certain authorities. Each potential investor in the Notes should consult its legal advisers to determine whether and to what extent: (a) 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 advisers 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 advisers 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 15 May 2020 and numbered 29833736-105.02.02.02-E.5138) and the final CMB approved issuance certificate (in Turkish: *onaylanmış ihraç belgesi*) (dated 15 May 2020 and numbered 60/BA-641) (together, the "*CMB Approval*") and the BRSA approval letter (dated 24 April 2020 and numbered 20008792-101.01.04[31]-E.4138 (the "*BRSA Approval*" and, with the CMB Approval, the "*Programme Approvals*") required for the issuance of Notes under the Programme. The maximum principal amount of securities that the Bank can issue under the CMB Approval is US$5,000,000,000 (or its equivalent in other currencies) in aggregate (the "*Approved Issuance Limit*"); *provided* that, as per the BRSA Approval, the aggregate outstanding nominal amount of debt instruments denominated in Turkish Lira issued by the Issuer (whether under these approvals or otherwise) may not exceed TL 10,000,000,000. It should be noted that, regardless of the outstanding aggregate principal amount of Notes or the amount permitted to be issued under the Programme, unless the Bank obtains new approval(s) from the CMB, the aggregate principal amount of securities issued under the CMB Approval (whether issued under the Programme or otherwise) cannot exceed the Approved Issuance Limit. In addition to the Programme Approvals, but only to the extent (and in the form) required by applicable law, an approval of the CMB in respect of each Tranche of Notes is required to be obtained by the Issuer on or before the Issue Date of such Tranche, which date will be specified in the applicable Final Terms. The scope of the Programme Approvals might be amended and/or new approvals from the CMB and/or the BRSA might be obtained from time to time. The Notes issued under the Programme prior to the respective dates of the Programme Approvals were issued under previously existing BRSA and CMB approvals.

Pursuant to the Programme Approvals, the offer, sale and issue of Notes under the Programme have been authorised and approved in accordance with Decree No. 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, "*Decree 32*"), the Banking Law No. 5411 of 2005 (as amended from time to time, 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 from time to time, the "*Debt Instruments Communiqué*") and its related law. The Notes issued under the Programme prior to the date of the CMB Approval were issued under previously existing CMB approvals.

In addition, in accordance with the Programme Approvals, the Notes (or beneficial interests therein) may only be offered or sold outside of Turkey. Under the Programme 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 Turkey may be engaged in. Notwithstanding the foregoing, pursuant to the BRSA decisions dated 6 May 2010 (No. 3665) and 30 September 2010 (No. 3875) and in accordance with Decree 32, residents of Turkey: (a) may, in the secondary markets only, purchase or sell Notes (or beneficial interests therein) denominated in a currency other than Turkish Lira in offshore transactions on an unsolicited (reverse inquiry) basis, and (b) in both the primary and secondary markets, may purchase or sell Notes (or beneficial interests therein) denominated in Turkish Lira in offshore transactions on an unsolicited (reverse inquiry) basis; *provided* that, for each of clauses (a) and (b), 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 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 European Union (the "*EU*"), a trade in the secondary markets within the EU might be required to settle in two applicable business days unless the parties to such trade expressly agree otherwise. Accordingly, investors who wish to trade interests in Notes in the EU on the trade date relating to such Notes or the next business day might 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 Turkey.

Pursuant to the Debt Instruments Communiqué, the Issuer is required to notify the Central Securities Depository of Turkey (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 applicable Issue Date of a Tranche of Notes of the amount, Issue Date, ISIN (if any), interest commencement date, maturity date, interest rate, name of the custodian and currency of such Notes and the country of issuance.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend titled "MIFID II PRODUCT GOVERNANCE" that will outline the target market assessment in respect of such Notes and which channels for distribution of such Notes (or beneficial interests therein) are appropriate. In those cases, any Person subsequently offering, selling or recommending such Notes (or beneficial interests therein) (a "*distributor*") should take into consideration the target market assessment; *however*, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such Notes (or beneficial interests therein) (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (the "*MiFID Product Governance Rules*"), any Dealer subscribing for any Notes (or beneficial interests therein) is a manufacturer in respect of such Notes (or beneficial interests therein), but otherwise none of the Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend titled "UK MIFIR PRODUCT GOVERNANCE" that will outline the target market assessment in respect of such Notes and which channels for distribution of such Notes (or beneficial interests therein) are appropriate. In those cases, any distributor should take into consideration the target market assessment; *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 such Notes (or beneficial interests therein) (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes (or beneficial interests therein) is a manufacturer in respect of such Notes (or beneficial interests therein), but otherwise none of the Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

INFORMATION RELATING TO THE BENCHMARKS REGULATION

Interest Amounts payable in respect of Floating Rate Notes might be calculated by reference to the following benchmark reference rates that are provided by the following benchmark administrators (each a "*Benchmark Administrator*"):

Benchmark Reference Rates	Benchmark Administrator
LIBOR	ICE Benchmark Administration Limited
SONIA	Bank of England
SOFR	Federal Reserve Bank of New York
EURIBOR	European Money Markets Institute
TLREF	TLREF Committee(1)
TRLIBOR	Banks Association of Turkey
HIBOR	Hong Kong Treasury Markets Association
ROBOR	National Bank of Romania
PRIBOR	Czech Financial Benchmark Facility s.r.o.
SIBOR	ABS Benchmarks Administration Co Pte. Ltd.
NIBOR	Norwegian Financial Reference Rates
WIBOR	Warsaw Stock Exchange
CNH HIBOR	Hong Kong Treasury Markets Association

(1) TLREF Committee (in Turkish: *TLREF Ulusal Çalışma Komitesi*) includes a member from each of the Central Bank, the BRSA, the CMB, the Borsa İstanbul, the İstanbul Settlement and Custody Bank (in Turkish: *İstanbul Takas ve Saklama Bankası A.Ş.*), the Turkish Capital Markets Association (in Turkish: *Türkiye Sermaye Piyasaları Birliği*), the Participation Banks Association of Turkey (in Turkish: *Türkiye Katılım Bankaları Birliği*)) and members of the Banks Association of Turkey.

The applicable Final Terms in respect of any Tranche of Floating Rate Notes will specify whether or not the applicable Benchmark Administrator appears on the register of administrators and benchmarks (the "*Register of Administrators*") established and maintained by the European Securities and Markets Authority ("*ESMA*") pursuant to Article 36 of the EU Benchmarks Regulation (Regulation (EU) No. 2016/1011) of 8 June 2016 (as amended, the "*Benchmarks Regulation*"). As of the date of this Base Prospectus, European Money Markets Institute, Czech Financial Benchmark Facility s.r.o. and ABS Benchmarks Administration Co Pte. Ltd. appear on the Register of Administrators, but none of the other Benchmark Administrators appear on the Register of Administrators, though the Bank of England and the Federal Reserve Bank of New York, as central banks, are not required to appear on the Register of Administrators pursuant to Article 2(2) of the Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that none of the Benchmark Administrators that are not registered as of the date of this Base Prospectus in the Register of Administrators is, as of the date of this Base Prospectus, required to obtain authorisation or registration (or, if non-EU-based, recognition, endorsement or equivalence).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus 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 Base Prospectus, the words "anticipates," "estimates," "expects," "believes," "intends," "plans," "aims," "seeks," "may," "might," "will," "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements appear in a number of places throughout this Base Prospectus, including (without limitation) in the sections titled "Risk Factors" and "The Group and its Business," and include, but are not limited to, statements regarding:

- strategy and objectives,
- trends affecting the Group's results of operations and financial condition,
- asset portfolios,

- expected credit losses,
- capital spending,
- legal proceedings, and
- the Group's potential exposure to market risk and other risk factors.

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

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

The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer's management believes that the expectations, estimates and projections reflected in the forward-looking statements in this Base Prospectus are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties inherent in these forward-looking statements materialise(s), including those identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, then the Issuer's actual results of operation might vary from those expected, estimated or predicted 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 Base Prospectus. Therefore, potential investors should not consider the factors discussed under "Risk Factors" to be a complete discussion of all potential risks or uncertainties of investing in the Notes.

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

U.S. INFORMATION

This Base Prospectus might be provided on a confidential basis in the United States to a limited number of QIBs under Rule 144A and "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions ("*Institutional Accredited Investors*"), and to investors within the United States with whom "offshore transactions" under Regulation S can be entered into, for informational use solely in connection with the consideration of an investment in certain Notes. Its use for any other purpose in the United States or by any U.S. person is not authorised.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"), and the regulations promulgated thereunder.

The Notes have not been and will not be registered under the Securities Act or under the securities or "blue sky" laws of any state of the United States or any other U.S. jurisdiction. Each investor, by purchasing a Note (or a beneficial interest therein), agrees (or will be deemed to agree) that the Notes (or beneficial interests therein) may be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions from the registration requirements thereof described under "Transfer and Selling Restrictions." Each investor also will be deemed to have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer, of the Notes (or a beneficial interest therein) that is not made in accordance with the transfer restrictions may subject the transferor and/or transferee to certain liabilities under applicable securities laws. Furthermore, purchasers of IAI Notes (including beneficial interests in IAI Global Notes) will be required to execute and deliver an investment letter substantially in the form set out in the Agency Agreement (an "*IAI Investment Letter*").

The Notes (or beneficial interests therein) generally may be offered or sold within the United States or to, or for the account or benefit of, U.S. persons only if such U.S. persons are either QIBs or Institutional Accredited Investors, in either case in registered form and in transactions exempt from, or not subject to, registration under the Securities Act in reliance upon Rule 144A, Section 4(a)(2) of the Securities Act or any other applicable exemption. Each investor in Notes that is a U.S. person or is in the United States is hereby notified that the offer and sale of any Notes (or beneficial interests therein) to it might be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A, Section 4(a)(2) of the Securities Act or (in certain limited circumstances) Regulation S.

Purchasers of IAI Notes (or beneficial interests therein) will be required to execute and deliver an IAI Investment Letter. Each investor in an IAI Note, a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together "*Legended Notes*") will be deemed, by its acceptance or purchase of any such Legended Notes (or beneficial interests therein), to have made certain representations and agreements as set out in "Transfer and Selling Restrictions." Unless otherwise stated, terms used in this paragraph have the meanings given to them in "Form of the Notes."

Potential investors that are U.S. persons should note that the Issue Date for a Tranche of Notes may be more than two relevant business days (this settlement cycle being referred to as "*T+2*") following the trade date of such Notes. Under Rule 15c6-l of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), of the United States, a trade in the United States in the secondary market generally is required to settle in two business days unless otherwise expressly agreed to by the parties at the time of the transaction. Accordingly, investors who wish to trade interests in Notes in the United States 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 T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement.

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes (or beneficial interests therein) that are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer has undertaken in a deed poll dated 26 April 2018 (such deed poll as amended, restated or supplemented from time to time, the "*Deed Poll*") to furnish, upon the request of a holder of such Notes (or any beneficial interest therein), to such holder or to a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes (or beneficial interests therein) to be transferred remain outstanding as such "restricted securities" and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

IMPORTANT – EEA RETAIL INVESTORS

If the Final Terms in respect of any Notes includes a legend titled "PROHIBITION OF SALES TO EEA RETAIL INVESTORS," then such Notes (or 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 more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II, (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, or (iii) not a qualified investor as defined in the Prospectus Regulation, 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) to be offered so as to enable an investor to decide to purchase or subscribe for such Notes (or beneficial interests therein). See "Transfer and Selling Restrictions – Selling Restrictions – Public Offer Selling Restriction under the Prospectus Regulation and, where applicable, Prohibition of Sales to EEA Retail Investors" below. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "*PRIIPs Regulation*") for offering or selling such 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 such 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.

IMPORTANT – UK RETAIL INVESTORS

If the Final Terms in respect of any Notes includes a legend titled "PROHIBITION OF SALES TO UK RETAIL INVESTORS," then such Notes (or 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 United Kingdom. For these purposes: (a) "*UK Retail Investor*" means a person who is one (or more) 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 United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "*EUWA*"), (ii) a customer within the meaning of the Financial Services and Markets Act 2000 (as amended, the "*FSMA*") of the United Kingdom 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 Regulation (EU) No. 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA, or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) No. 2017/1129 (as amended) as it forms part of United Kingdom domestic law by virtue of the EUWA (the "*UK Prospectus Regulation*"), 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) to be offered so as to enable an investor to decide to purchase or subscribe for such Notes (or beneficial interests therein). See "Transfer and Selling Restrictions – Selling Restrictions – United Kingdom" below. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended) as it forms part of United Kingdom domestic law by virtue of the EUWA (the "*UK PRIIPs Regulation*") for offering or selling such Notes (or beneficial interests therein) or otherwise making them available to UK Retail Investors in the United Kingdom has been prepared and, therefore, offering or selling such Notes (or beneficial interests therein) or otherwise making them available to any UK Retail Investor in the United Kingdom might be unlawful under the UK PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE

With respect to each issuance of Notes, the Issuer may make a determination about the classification of such Notes (or beneficial interests therein) for purposes of Section 309B(1)(a) of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "*SFA*"). The Final Terms in respect of any Notes may include a legend titled "Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore" that will state the product classification of the applicable Notes (and, if applicable, beneficial interests therein) pursuant to Section 309B(1) of the SFA; *however*, unless otherwise stated in the applicable Final Terms, all Notes (or beneficial interests therein) shall be "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) 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 or any such legend included in the relevant Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA.

STABILISATION

In connection with the issue of any Tranche of Notes, one or more of the Dealers (if any) named as the stabilisation manager(s) in the applicable Final Terms (each a " *Stabilisation Manager*") (or Persons acting on behalf of any Stabilisation Manager(s)) might overallot such Notes or effect transactions with a view to supporting the market price of an investment in such Notes at a level higher than that which might otherwise prevail; *however*, stabilisation might not necessarily occur. Any stabilisation action or overallotment might begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of 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 of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or overallotment must be conducted by the relevant Stabilisation Manager(s) (or Persons acting on behalf of any Stabilisation Manager(s)) 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 or are permitted under the Programme.

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 the years ended 31 December 2019 (including comparative information for 2018) and 2020 (including comparative information for 2019) (in each case, including any notes thereto and the independent auditor's reports thereon) (the "*BRSA Annual Financial Statements*"), have been prepared and presented in accordance with the BRSA Principles.

In this Base Prospectus, "*BRSA Principles*" means the laws relating to the accounting and financial reporting of banks in Turkey (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 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" (together, the "*Turkish Accounting 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.

Since 1 January 2018, the Bank's and the Group's BRSA Financial Statements have been prepared in accordance with Turkish Financial Reporting Standards 9 (*Financial Instruments*), which are the IFRS 9-compliant financial reporting standards of Turkey ("*TFRS 9*"), and Turkish Financial Reporting Standards 15 (Revenue from Customer Contracts) ("*TFRS 15*").

The Group started to apply the Turkish Financial Reporting Standards 16 (Leases) ("*TFRS 16*") in its consolidated BRSA Financial Statements starting from 1 January 2019. This standard, which abolished the dual accounting model previously applied for lessees through recognising finance leases in the balance sheet but not recognising operational leases, is applied with a modified retrospective approach that recognises the cumulative effect of initially applying this standard at the date of initial application. In this context, comparative information is not restated and thus information for 2019 and later periods is not comparable to the information presented for earlier periods; *however*, this accounting policy change did not have a significant impact on the accounting policies, financial position and/or performance of the Group. See note XV of the Group's BRSA Financial Statements as of and for the year ended 31 December 2020.

The Bank's foreign subsidiaries maintain their books of account and prepare their financial statements in accordance with the generally accepted accounting principles and the related rules applicable in the countries in which they operate and, while preparing the consolidated financial statements of the Group, these are adjusted and classified pursuant to the BRSA Principles.

The BRSA Annual Financial Statements were audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, a member firm of Ernst & Young Global Limited ("*EY*"), independent auditor, in each case 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 Independent Standards on Auditing, which is a component of the Turkish Auditing Standards, as stated in each of EY's independent auditor's reports included within the BRSA Annual Financial Statements.

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

While neither the Bank nor the Group is required by law to prepare its accounts under any accounting standards other than according to the BRSA Principles, including under International Financial Reporting Standards ("*IFRS*"), the Bank's management has for the time being elected to publish 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*"). 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 Base Prospectus.

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

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").

The Bank utilises several internal definitions of small and medium-sized enterprise ("*SME*") based upon criteria including annual turnover, credit limits and/or average assets under management, among others; *however*, with respect to certain published financial information concerning SMEs, the Bank uses the BRSA definition of SME (the "*BRSA SME Definition*") in order to render such data comparable to that of other Turkish banks.

The Bank utilises several internal definitions of corporate customers based upon criteria including annual sales and/or credit limits, among others; *however*, with respect to certain published financial information concerning corporate customers, the Bank defines corporate customers as those companies that are larger than SMEs (in terms of annual turnover, total assets or number of employees) as defined by the BRSA SME Definition in order to render such data comparable to that of other Turkish banks (the "*Corporate Definition*").

Alternative Performance Measures

To supplement the Bank's consolidated and unconsolidated financial statements presented in accordance with the BRSA Principles, the Bank uses certain ratios and measures included (including through incorporation by reference) in this Base Prospectus that might be considered to be "alternative performance measures" (each an "*APM*") as described in the ESMA Guidelines on Alternative Performance Measures (the "*ESMA Guidelines*") published by ESMA on 5 October 2015. The ESMA Guidelines provide that an APM is understood as "a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework." The ESMA Guidelines also note that they do not apply to APMs "disclosed in accordance with applicable legislation, other than the applicable financial reporting framework, that sets out specific requirements governing the determination of such measures."

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

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

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

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

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

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

net fees and commissions income as a percentage of average total assets: For a particular period, this is: (a) net fees and commissions income *as a percentage of* (b) average total assets (computed by calculating the average of the quarter-end balances during the relevant reporting period). When determined for a period shorter than 12 months, this is expressed on an annualised basis by multiplying the result by 365 *divided by* the number of days in such period.

net operating income as a percentage of average total assets: For a particular period, this is (a) net operating income (computed by calculating the sum of net interest income, net fees and commissions income, dividends from subsidiaries, net trading gains, profit from held-to-maturity securities and other operating income) *as a percentage of* (b) average total assets for such period. When determined for a period shorter than 12 months, this is expressed on an annualised basis by multiplying the result by 365 *divided by* the number of days in such period.

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

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

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

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

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

specific provisions for loan losses to non-performing loans: As of a particular date, this is: (a) the provisions for expected credit losses of NPLs as of such date *as a percentage of* (b) the NPLs as of such date.

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

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

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

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

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

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

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

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

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

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

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

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

NPL: As of a particular date, this ("*NPL*") is Stage 3 loans (including cash loans and lease 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 Base Prospectus, all references to:

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

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

(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 European Union, as amended,

(d) "*Renminbi*" and "*RMB*" refer to the lawful currency of the PRC, which (for the purposes of this Base Prospectus) excludes Hong Kong, the Macao Special Administration Region of the PRC and Taiwan, and

(e) " *Sterling*" and "*£*" refer to British Pounds Sterling.

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

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

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

In this Base Prospectus, "Bank" or "Issuer" means QNB Finansbank A.Ş. on a standalone basis and "Group" means the Bank and its subsidiaries (or, with respect to consolidated accounting information, entities that are consolidated into the Bank).

In this Base Prospectus, the term "*law*" shall (unless the context otherwise requires) be deemed to include legislation, regulations and other legal requirements.

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

All of the information contained in this Base Prospectus concerning the Turkish market and the Bank's competitors has been obtained (and extracted without material adjustment) from publicly available information. Certain information under the heading "Book-Entry Clearance Systems" has been extracted from information provided by the Clearing Systems referred to therein. Where third-party information has been used in this Base Prospectus, the source of such information has been identified. The Bank confirms that all such information has been accurately reproduced and, so far as the Bank 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 Base Prospectus, while believed to be reliable, has not been independently verified by the Bank or any other Person.

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

All data relating to the Turkish banking sector in this Base Prospectus have been obtained from the website of the BRSA at www.bddk.org.tr, the website of the Banks Association of Turkey (in Turkish: *Türkiye Bankalar Birliği*) (the "*Banks Association of Turkey*") at www.tbb.org.tr or the website of the Interbank Card Centre (in Turkish: *Bankalararası Kart Merkezi*) at www.bkm.com.tr/bkm, and all data relating to the Turkish economy, including statistical data, have been obtained from the website of the Turkish Statistical Institute (in Turkish: *Türkiye İstatistik Kurumu*) ("*TurkStat*") at www.turkstat.gov.tr, the website of the Central Bank of Turkey (in Turkish: *Türkiye Cumhuriyet Merkez Bankası*) (the "*Central Bank*") at www.tcmb.gov.tr, the website of the Ministry of Treasury and Finance of Turkey (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 Base Prospectus and have not been scrutinised or approved by the Central Bank of Ireland.

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.

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the Central Bank of Ireland and Euronext Dublin, shall be incorporated into, and form part of, this Base Prospectus:

(a) the BRSA Annual Financial Statements,

(b) for so long as Notes issued thereunder and listed by the Issuer remain outstanding, the terms and conditions of the Notes contained in the previous base prospectus dated 27 April 2017 (on pages 65 to 97 (inclusive) thereof) prepared by the Bank in connection with the Programme, and

(c) for so long as Notes issued thereunder and listed by the Issuer remain outstanding, the terms and conditions of the Notes contained in the previous base prospectus dated 26 April 2018 (on pages 68 to 101 (inclusive) thereof) prepared by the Bank in connection with the Programme.

Following the publication of this Base Prospectus, a supplement to this Base Prospectus might be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with the Prospectus Regulation. Statements contained in any such supplement (or contained in any document (or portions thereof) incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document (or portions thereof) that is incorporated by reference into this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy that may affect the assessment of the Notes does not apply when this Base Prospectus is no longer valid.

The BRSA Financial Statements incorporated by reference herein, all of which are in English, were prepared as convenience translations of the corresponding Turkish language BRSA Financial Statements (which translations the Bank confirms are direct and accurate).

Copies of documents incorporated (or portions of which have been incorporated) by reference into this Base Prospectus can be obtained without charge from the registered office of the Bank and on the Bank's website: https://www.qnbfinansbank.com/en/investor-relations/financial-information (such website is not, and shall not be deemed to, constitute a part of, or be incorporated into, this Base Prospectus).

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

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 Base Prospectus to the extent that a statement contained herein or in any other document (or, as applicable, relevant portion thereof) incorporated by reference herein, or in any supplement hereto, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Where there is any inconsistency between the information contained in this Base Prospectus and the information contained in (or incorporated by reference into) the information incorporated by reference herein, the information set out in this Base Prospectus shall prevail.

The information set out in any part of the documents listed above that is not incorporated by reference into this Base Prospectus is either not relevant to prospective investors in the Notes or is set out elsewhere in (including being incorporated by reference into) this Base Prospectus, in each case, subject to and in accordance with the provisions of the Prospectus Regulation.

Except for the documents (or portions thereof) incorporated by reference into this Base Prospectus to the extent set out on any website referenced in this Base Prospectus, the contents of any website referenced herein do not, and shall not be deemed to, constitute a part of, nor are incorporated into, this Base Prospectus. Neither the contents of any website referenced

in, nor any documents incorporated by reference into, this Base Prospectus have been scrutinised or approved by the Central Bank of Ireland.

Replacement of 2018 financial information upon inclusion of 2021 BRSA Financial Statements

Upon (by way of one or more supplement(s) hereto) the incorporation into this Base Prospectus of the Group's and the Bank's respective BRSA Financial Statements as of and for the year ended 31 December 2021, the BRSA Financial Statements for the Group or the Bank as of and for the year ended 31 December 2019 that are incorporated by reference into this Base Prospectus shall be automatically deleted from, and shall no longer be considered to be incorporated by reference into, this Base Prospectus; *it being understood* that the financial information as of and for the year ended 31 December 2019 that is included within the BRSA Financial Statements as of and for the year ended 31 December 2020 shall remain so incorporated. Furthermore, at such time (the "*Annual Update Time*"), the financial information with respect to the Group (and of any member thereof) and the Bank (including all related amounts, percentages and discussion) relating to 2018 (including comparisons thereof to 2019 or any other date or period) in this Base Prospectus shall be automatically deleted in its entirety from, and shall thereafter not form part of, this Base Prospectus (including, without limitation, in the sections titled "Summary Financial and Other Information" and "The Group and its Business").

For the purpose of clarification, potential investors in any Notes issued after the Annual Update Time shall not, and are not entitled to, rely upon any such financial information with respect to the Group (and any member thereof) or the Bank relating to 2018 (including comparisons thereof to 2019 or any other date or period) included within this Base Prospectus as in effect prior to the Annual Update Time.

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GENERAL DESCRIPTION OF THE PROGRAMME

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

The Group

General

The Bank is a Turkish private commercial bank that provides banking products and services to retail, corporate, commercial and SME banking and other customers through a network of branches operating in major cities throughout Turkey. As of 31 December 2020, according to the most recent statistics published before the date of this Base Prospectus on the Public Disclosure Platform (*Kamuyu Aydınlatma Platformu*) (www.kap.gov.tr) ("*Public Disclosure Platform*"), the Bank was the fifth largest private bank in Turkey in terms of Bank-only total assets with TL 227,253 million of total assets. The Bank is a subsidiary of Qatar National Bank ("*QNB*"), which purchased a 99.81% stake in the Bank from the National Bank of Greece ("*NBG*") on 15 June 2016 pursuant to a share purchase agreement (the "*Share Purchase Agreement*"). In accordance with the Communiqué No. II-27.2 on Squeeze-Out and Sell-Out Rights (the "*Squeeze-Out and Sell-Out Communiqué*"), the shareholders of the Bank (other than QNB) had a right to sell their shares in the Bank to QNB within a three month period starting on 16 June 2016. At the end of such period (*i.e.*, as of 16 September 2016) and as of 31 December 2020, 99.88% of the shares of the Bank were owned by QNB and the remaining shares were traded on the Borsa İstanbul.

Since its initial entry to the Turkish banking market in 1987, the Bank has grown its branch network significantly. The Bank's branch network increased from 309 branches as of 31 December 2006 to 475 branches (including one branch in the Atatürk Airport Free Trade Zone in İstanbul and one branch in Bahrain) as of 31 December 2020. As of such date, the Bank's branch network consisted of 444 full-service branches, 17 retail-only branches, three corporate-only branches and 11 commercial-only branches located in 53 commercial centres in Turkey, mainly in İstanbul, İzmir, Ankara and Antalya. Following significant investment in its branch network, the Group aims to maintain the number of its branches at approximately the current levels. The Group, through the Bank and its subsidiaries and other affiliates, also undertakes leasing, factoring, insurance and investment banking activities. As of 31 December 2020, the Group had total assets of TL 235.0 billion, total loans and receivables (which includes loans and receivables and loans at fair value through profit and loss (hereinafter referred to as "*total loans and receivables*")) of TL 146.3 billion, total deposits of TL 130.3 billion and total equity of TL 19.2 billion.

In addition to its branch network, the Group has made significant investments in alternative delivery channels such as automated teller machine ("*ATM*") and point-of-sale ("*POS*") networks, internet banking, mobile banking and a call centre. In October 2012, the Group launched Enpara.com, an online banking platform designed to provide banking and payment services to retail customers in Turkey without the use of any physical branches. Since its establishment, Enpara.com has grown its registered customer base from 18,000 customers to 2.4 million customers as of 31 December 2020, with 80% of such customers not having been pre-existing customers of the Group.

The Group has three main business segments: consumer and private banking, SME banking and corporate and commercial banking, additional information about each of which is provided below:

- *Consumer and Private Banking*. The Group's consumer and private banking activities consist primarily of mortgages, consumer lending, credit and debit card services, deposits, investments and insurance products. The Group's offerings to retail customers are divided into three main further sub-groups: (a) private banking, which serves individuals with liquid assets under management exceeding TL 1,500,000 through customised service offerings, (b) the affluent segment, which serves individuals with assets under management between TL 150,000 and TL 1,500,000, offering features such as dedicated relationship managers and a diverse set of banking and non-banking services and benefits and (c) the mass banking with a wide variety of products and services. Consumer and private banking has been one of the principal

drivers of the Group's growth during recent years. As of 31 December 2020, the Group had approximately 4.3 million consumer and private banking customers (excluding credit card customers) and performing retail loans and receivables (including mortgage, credit card and consumer loans (which comprise personal need loans, overdrafts and auto loans)) of TL 45 billion, representing 32% of the Group's performing loans and receivables (representing total gross loans, including financial assets measured at fair value through profit and loss, *minus* specific provisions).

- *SME Banking*. The Bank's SME banking activities consist primarily of revolving credit lines, instalment loans, overdrafts, business housing loans and demand deposits. As one of the first banks in Turkey to focus on this segment, the Bank started its SME banking operations at the beginning of 2003 to support Turkish small businesses. The SME banking segment consists of: (a) Agricultural Banking, (b) SME Banking Small Enterprises, which serves enterprises with annual revenues of up to TL 6.0 million, and (c) SME Banking Medium Enterprises, which serves enterprises with annual revenues between TL 6.0 million and TL 50.0 million. In recent years, SME banking has represented an increasingly important part of the Group's overall loan portfolio. As of 31 December 2020, the Group's SME banking operations had approximately 372,000 active customers and performing loans and receivables of TL 27 billion, representing 19% of the Group's performing loans and receivables.

- *Corporate and Commercial Banking*. The Group's corporate and commercial banking activities primarily consist of traditional and non-cash lending, project and structured finance, trade finance, cash management, corporate syndication, secondary market transactions, deposit taking and certificated debt instruments. The corporate and commercial banking segment consists of: (a) corporate banking, which serves large businesses (including multinational corporations), and (b) commercial banking, which serves enterprises with annual revenues between TL 50.0 million and TL 300.0 million. As of 31 December 2020, the Group's corporate and commercial banking operations had approximately 13,000 active customers and performing loans and receivables of TL 68 billion, representing 49% of the Group's performing loans and receivables.

The Group also undertakes leasing, factoring, insurance and investment banking activities through its subsidiaries and other affiliates. The Bank's registered office is located at Esentepe Mahallesi, Büyükdere Cad., Kristal Kule Binası, No:215, Şişli, İstanbul, Turkey, telephone number +90-212-318-5155. Its registration number is 237525.

Key Strengths

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

- *Versatile platform enabling the Group to take advantage of strategic opportunities*. Since its establishment in 1987, the Group has grown into a full-service financial institution with an independent management team and an extensive nationwide distribution network serving approximately 5.8 million active customers as of 31 December 2020. This extensive distribution network, combined with the Group's focus on traditional banking activities and complemented by the provision of ancillary services (including investment banking, brokerage, leasing, factoring and asset management) and important partnerships with leading financial institutions (*e.g.*, a partnership with Sompo in basic insurance and with Cigna in life insurance and private pensions), have allowed the Group to maintain a strong competitive position across all of its key customer segments. The Group also has been able to refocus its operations in response to changes in the Turkish banking regulatory environment in recent years. For example, between 2005 and 2011, the Turkish banking sector experienced a significant increase in retail lending (particularly in higher-yielding segments such as credit cards and consumer lending), largely due to strong domestic demand driven by relatively low interest rates and strong micro fundamentals. During this period, the Group significantly increased the size of its consumer and private banking network (both in terms of branches and other distribution channels, such as ATMs) and the ratio of its retail loans to performing loans and receivables, on a Bank-only basis, grew from 33.8% as of 31 December 2005 to 61.2% as of 31 December 2011. During the same period, the ratio of retail loans to performing loans and receivables for Türkiye İş

Bankası A.Ş. ("*İşbank*"), Türkiye Garanti Bankası A.Ş. ("*Garanti*"), Akbank T.A.Ş. ("*Akbank*") and Yapı ve Kredi Bankası A.Ş. ("*Yapı Kredi Bank*" and, together with İşbank, Garanti and Akbank, the "*Private Sector Peers*") was 35.2% in 2005 and 32.4% in 2011 according to the BRSA. Beginning in 2012, Turkey's widening current account deficit prompted regulatory authorities to take measures to curb retail lending and encourage business lending in order to reduce imports and grow exports. These measures included, among other things, increasing general reserve requirements for retail loans, increasing the risk-weighting for consumer loans in calculating capital adequacy ratios and introducing regulations to limit the growth of credit card usage, as well as reducing the general reserve requirements for cash and non-cash loans obtained by SMEs for export purposes. In response to these measures, the Group has been successfully shifting the concentration of its loan portfolio from retail lending to SME and corporate lending. As of 31 December 2020, 67.9% of the Bank's performing loans and receivables were to SME and corporate and commercial customers, compared to 67.6% as of 31 December 2019. The Group was able to shift its loan portfolio more towards SME and corporate and commercial lending by: (a) opening new branches and maintaining the existing branches that provide SME services, (b) refocusing certain of its human and other resources to serve SME and corporate and commercial customers, (c) engaging in targeted marketing efforts and using its proprietary credit underwriting framework and behaviour monitoring tools to increase market share and (d) launching new products and utilising new technologies to maximise the customer experience of SME and corporate and commercial clients. The Bank's management believes that its size and the structure of its operations enable it to move more quickly to capitalise on such changes in the market than is possible for many other Turkish banks.

- *Strong capital position and diversified sources of funding*. The Group has a strong capital position and, as of 31 December 2020, had a common equity tier 1 ("*CET1*") ratio of 13.1%, which is well above the BRSA's regulatory minimum CET1 ratio of 4.5% (based upon Basel III as adopted by the BRSA), and a total capital adequacy ratio of 15.8%. The Bank's leverage ratio was 11.8% as of 31 December 2020, in comparison to the average leverage ratio of its Private Sector Peers, which was 8.4%. The Bank's management believes that its strong capital position has supported its ability to attract deposits and diversify its sources of funding. The Bank has demonstrated strong deposit growth, with an increased emphasis on demand deposits, which typically have a lower cost of funding than time deposits and that, from 31 December 2013 to 31 December 2020, have grown at a compound annual growth rate ("*CAGR*") of 19.7% compared to an average of 17.3% for the Group's Private Sector Peers during the same period according to their BRSA financial statements. The Bank's loans-to-deposits ratio has grown to 111.4% as of 31 December 2020 (compared to an average of 99.0% for its Private Sector Peers according to their BRSA financial statements). The Group has also entered into long-term financings in the form of syndicated loans and eurobond issuances, among other transactions, to match the medium- to long-term nature of its loan and investment portfolio. Institutional borrowings (including bank deposits, funds borrowed, money market transactions, marketable securities issued and subordinated loans) constituted 26.2% of the Bank's overall liabilities as of 31 December 2020, compared to an average of 20.7% for the Group's Private Sector Peers as of the same date according to their BRSA financial statements.

- *Sophisticated risk management tools.* A prudent credit risk management practice is instilled at every stage of the Group's credit process. At the origination stage, clients are approved on the basis of scorecards for credit card, consumer and SME segments, and approval score cut-off points are constantly being monitored and revised if necessary depending upon macroeconomic conditions. From the origination stage onwards, credit quality is monitored closely on an on-going basis via behavioural scorecards, and necessary actions are taken depending upon the changes in behavioural scores. As described elsewhere in this Base Prospectus, the Group also employs a conservative provisioning policy with a NPL coverage ratio of 117.8% as of 31 December 2020 compared to an average of 117.7% for the Group's Private Sector Peers as of the same date according to their BRSA bank-only financial statements. In addition to managing credit risk, the Group actively utilises hedging instruments to protect itself from currency and maturity mismatches.

- *Innovative distribution channels and technology platform.* The Bank's management believes that, from the Group's inception, it has been at the forefront of innovation in banking products and services in Turkey. For example, in 1999 the Bank was the first Turkish bank to introduce a credit card with an instalment structure. More recently, the Bank was the first in Turkey to establish a pure online banking model

(EnPara.com) under its umbrella, which website serves a more affluent and technologically savvy client base who are more expensive to serve under the traditional branch business model. On the technological front, the Group serves its customers through state-of-the-art alternative delivery channels, including internet and telephone banking platforms that utilise cutting edge technologies such as client-recognising interfaces. From 31 December 2012 to 31 December 2020, the number of the Group's active internet and mobile banking customers (consisting of all customers with at least one successful log-in within the prior three-month period but excluding Enpara.com-only customers) increased from 784,582 to 2.4 million and, as of 31 December 2020, represented 80% of the Group's total active customers. This innovation is a necessary component of enabling the Group to maintain close relationships with its customers and compete successfully.

- *Growth in targeted customer segments*. Following the shift in the regulatory environment towards SME and corporate and commercial lending, the Group has utilised its extensive distribution network and strong focus on customer service to increase its footprint in SME loans, commercial instalment loans and business demand deposits, which grew, on a Bank-only basis, at CAGRs of 14.3%, 10.7% and 36.0%, respectively, from 31 December 2015 to 31 December 2020. The Bank has also benefitted from the government announcement in December 2016 that the Turkish Treasury will provide a guarantee for SME loans up to an aggregate amount of TL 250 billion via the Credit Guarantee Fund (*Kredi Garanti Fonu*), which aimed to boost economic growth and support companies with high potential that have difficulty accessing funding due to collateralisation constraints. In February 2018, the available amount under the KGF programme was increased by TL 55 billion. In May 2018, a further increase of TL 35 billion was implemented to replace the KGF-guaranteed loans that had already been repaid. As of January 2019, an additional TL 20 billion limit was allocated by the government under the KGF guarantee for the use of SMEs with 2017 annual turnover of TL 25 million or less. On 6 March 2019, an additional TL 25 billion limit was allocated by the government for the use of SMEs with a yearly turnover of TL 125 million or less without any industry-specific limitations. On 30 March 2020, in order to address the economic impact of the COVID-19 pandemic, the amount available under the KGF programme was increased from TL 25 billion to TL 50 billion and the total amount of guarantees that may be given by the KGF was increased from TL 250 billion to TL 500 billion (along with increases in the guarantee limits with respect to individual borrower groups). Pursuant to Presidential Decree No. 162 dated 11 October 2018, loans guaranteed by the Turkish Treasury under the KGF programme may be restructured up to 96 months for working capital loans and up to 156 months for investment loans. Such Presidential Decree also requires lenders to provide an opportunity to the borrowers to restructure their KGF-guaranteed loans prior to any recourse to the KGF guarantee. The Bank has benefited from the funding of loans guaranteed by the Credit Guarantee Fund (TL 5.0 billion loans as of 31 December 2020). SME and corporate and commercial banking customers have also been an important component of the Group's demand deposit base, representing 41.9% of the Group's Turkish Lira-denominated demand deposits as of 31 December 2020, compared to 30.9% as of 31 December 2019 and 45.8% as of 31 December 2018.

- *Experienced management team*. The Group benefits from an experienced and committed executive management team that has successfully delivered the Group's growth initiatives and will continue to drive future strategy. The key members of the Group's senior management have served the Group, on average, for 17 years as of the date of this Base Prospectus, which demonstrates a commitment to the Group and results in continuity in senior management, providing an invaluable asset to the Group. In addition, the Group's senior managers have, on average, 25 years of experience in the financial services and related industries, both in Turkey and abroad.

Strategy

The Bank's overall strategy is to establish a leading position in the Turkish banking market, in terms of return on average total assets, while focusing more heavily on its SME and corporate and commercial banking businesses. To this end, the Group aims to build lifelong and successful partnerships with all of its stakeholders through understanding and fulfilling their needs. The key elements of the Group's strategy are set out below:

- *Grow the loan book, primarily across the SME and corporate and commercial segments.* The Group intends to increase the size of its loan book by focusing on growth in its SME and corporate and commercial loan portfolio, while selectively growing its retail loan portfolio. The Group has shifted its primary focus since 2012 to its SME and corporate and commercial banking segments, where it aims to capture additional market share over the medium term. The Group's management believes that there is a significant opportunity to continue to increase its market share in SME and corporate and commercial banking and aims to continue to achieve above-market growth in its SME and corporate and commercial loan business. To achieve this objective, the Group has focused on higher-quality service for its customers. For example, product and service lines previously serving SME businesses in various segments and divisions of the Group were combined into one division, with the marketing and sales activities of these segments streamlined to more effectively apply best practices and focus on growing the Group's SME banking activities. In the corporate and commercial business segment, the Group has made organisational changes such as branch specialisation and centralisation of operational tasks in an effort to boost cost effectiveness, sales effectiveness and customer service. The Group has made significant progress in executing this aspect of its strategy. The Bank's year-on-year growth rate of its business loans was 16.3%, 16.1% and 27.3% for 2018, 2019 and 2020, respectively, which compares to 8.0%, 4.0% and 24.8% for its Private Sector Peers for the same periods according to the bank-only financials published in the Public Disclosure Platform (www.kap.gov.tr). On a BRSA bank-only basis, the Group's market share in the SME and corporate and commercial loan markets as of 31 December 2020 were 4.9% and 3.1%, respectively, and the Bank's branches represent 4.8% of all bank branches in Turkey. As of 31 December 2020, the Group had TL 95.3 billion in SME and corporate and commercial performing loans and receivables, compared to TL 74.9 billion as of 31 December 2019 and TL 64.5 billion as of 31 December 2018. As of 31 December 2020, the Group's SME banking and corporate and commercial loans per branch on a BRSA bank-only basis amounted to an average of TL 200.6 million, compared to an average of TL 234.0 million for the Group's Private Sector Peers according to the bank-only financials published in the Public Disclosure Platform (www.kap.gov.tr).

- *Increase net operating income through the maturing of the branch network and its alternative delivery channels, including Enpara.com*. From 31 December 2010 to 31 December 2020, the size of the Group's total branch network decreased by 28 branches. Having invested heavily in its branch network over several years through 2013, the Group has more recently aimed to maintain the number of its branches at approximately the current levels. In 2020, the number of the Group's branches was reduced by 50 branches as a result of routine and on-going analysis to optimise branch locations. The Group's average branch age (14.86 years as of 31 December 2020) is low compared to its Private Sector Peers (average branch age of 29.64 years as of 31 December 2020 according to statistics published by the Banks Association of Turkey). Based upon the observed performance of a subset of the Group's branches, the Group's management expects the newer branches to generate more deposits and loans per branch as they mature. In addition to supporting its branch network, the Group intends to continue to increase its investments in alternative delivery channels, particularly in mobile banking and internet-based channels. The Group's management also intends to increase the volume of products and services offered through Enpara.com, which began offering relatively small loans at competitive interest rates in August 2014.

- *Continue to reduce cost of risk.* Since 2012, the Group has shifted the composition of its loan book towards SME and corporate and commercial loans and reduced its exposure to retail loan products. As of 31 December 2020, the ratio of the Group's performing loans and receivables from credit cards, mortgages, SME loans and corporate and commercial loans to the total performing loans and receivables was 11.9%, 2.8%, 19.3% and 48.7%, respectively, compared to 15.0%, 3.9%, 22.1% and 45.6%, respectively, as of 31 December 2019 and 14.8%, 5.1%, 24.7% and 43.0%, respectively, as of 31 December 2018. The Bank's management expects the change in the composition of the loan book to lead to a lower cost of risk and a relatively lower level of additional provisions going forward. As of 31 December 2020, the specific cost of risk for SME loans and corporate and commercial loans was 1.3% and 0.8%, respectively, and 0.7% and 0.5% for credit cards and consumer loans, respectively. As of the same date, the Bank's general provisions rate was 4.0% for SMEs and 2.8% for corporate and commercial loans compared to 2.1% for each of credit cards and general purpose loans.

- *Continue to focus on cost efficiency*. The Group intends to build upon existing cost management policies and initiatives by maintaining its strong focus on cost control and seeking ways to optimise its costs. This focus will be driven by the increase in the Group's scale of operations while aiming to eliminate any inefficiency that may arise as the number of the Group's customers increases. The Group intends to maintain its current number of branches and focus on increasing the productivity of its existing branch network as measured by customer deposits, gross loans and profit per branch. A particular focus is being made to decrease the ratio of operating expenses to total assets through the development of the Bank's newer branches to produce results similar to those demonstrated by the Bank's more established branches. The Group intends to further promote cost efficiency and lower operating expenses by reducing its sales network personnel and increasing the number of loans managed per sales person. The Group expects to achieve this in part due to the relatively lower servicing costs associated with SME and corporate and commercial loans compared to retail credits. The Group's business banking segment also has a higher number of products per customer (3.9 as of 31 December 2020) when compared with the retail segment (3.6 as of 31 December 2020). For 2019, the Group's other operating expenses (which excludes personnel costs but includes, *inter alia*, operational lease related expenditures, repair and maintenance expenses and advertising and promotional expenses), which amounted only to TL 1.2 million, was flat in 2019 due to the decrease in operational lease-related expenditures resulting from the implementation of TFRS 16. In 2020, this increased slightly to TL 1.3 million.

- *Maintain diversified sources of funding and a strong capital base.* The Group seeks to maintain its loans-to-deposits ratio (plus its Turkish Lira-denominated bonds) at or around current levels (110.0% as of 31 December 2020 on a Bank-only basis, (compared to an average of 97.0% as of 31 December 2020 for its Private Sector Peers on a bank-only basis, according to their BRSA financial statements). The Bank expects to maintain its capital adequacy ratio (which was 16.4% as of 31 December 2020) above the BRSA's required 12.0% threshold.

- *Continue to attract and develop talent*. Fully aware that its success hinges crucially on the quality, satisfaction and commitment of its workforce, the Group intends continuously to seek to attract top talent and develop its employees throughout their careers so as to help them achieve their full potential. Measures to achieve this objective start at the initial recruitment stage of the employees, followed by educational programmes and training opportunities as their careers progress, and the process is supported by a detailed performance appraisal system. The Group also utilises the experiences of its successful managers through coaching and mentoring programmes for future candidates for managerial positions.

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 principal shareholders and the Notes themselves, which risks are organised in appropriate categories and sub-categories as required by the Prospectus Regulation. Potential investors in the Notes should not consider the factors discussed under "Risk Factors" to be a complete set of all potential risks or uncertainties of investing in the Notes.

The Programme

The following overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No. 2019/980 and does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the Conditions of any particular Tranche of Notes, the applicable Final Terms. This general description only relates to the Conditions of the Notes as set out in this Base Prospectus. Notes may be issued under the Programme in a form other than that contemplated in such Conditions, and where any such Notes are to be: (a) admitted to trading on the Regulated Market or another regulated market for the purposes of MiFID II or (b) offered to the public in the EEA in circumstances that require the publication of a prospectus under the Prospectus Regulation, a supplement to this Base Prospectus or a new prospectus will be prepared and published by the Issuer.

Issuer:	QNB Finansbank A.Ş.
Issuer Legal Entity Identifier (LEI):	789000Q21SW842S9IJ58
Description:	Global Medium Term Note Programme
Arrangers:	Standard Chartered Bank and/or any other arranger(s) appointed from time to time in accordance with the Programme Agreement (each of them an "*Arranger*").
Dealers:	Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Deutsche Bank AG, London Branch HSBC Bank plc ING Bank N.V., London Branch J.P. Morgan Securities plc Mizuho International plc Morgan Stanley & Co. International plc QNB Capital LLC Société Générale Standard Chartered Bank and any other Dealer(s) appointed from time to time in accordance with the Programme Agreement.
Risk Factors:	There are certain factors that might affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain risk factors that are material for the purpose of assessing the market risks associated with the Notes. For a discussion of certain risk factors relating to Turkey, the Bank and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, including certain risks relating to the structure of particular Series of Notes and certain market risks, see "Risk Factors."
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances that comply therewith from time to time (see "Transfer and Selling Restrictions"), including the following restriction applicable at the date of this Base Prospectus:

Notes having a maturity of less than one year: Notes having, on the Issue Date thereof, a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 (as amended, the "*FSMA*") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.

Fiscal Agent: ..... The Bank of New York Mellon, London Branch

Programme Size: ..... Up to US$5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding as of the time of each issuance of Notes. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution: ..... Notes may be distributed by way of private or (other than in the United States) public placement and in each case on a syndicated or non-syndicated basis.

Currencies: ..... Each Series of Notes may be denominated, and payments in respect of each Series of Notes may be made, in euro, Sterling, U.S. dollars, RMB, Japanese Yen, Turkish Lira or, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer(s) or investor(s) and set out in the applicable Final Terms.

Payments of principal and interest on a Note denominated in Turkish Lira will (subject to the following paragraph) be made by the Bank in Turkish Lira; *however*, if "USD Payment Election" is specified in the applicable Final Terms as being applicable and such Note is not represented by a Global Note held by Depository Trust Company ("*DTC*") (or a nominee thereof), then the holder of such Note (or a beneficial interest therein) may make an irrevocable election to receive an individual forthcoming payment in U.S. dollars. See Condition 7.8.

Payments of principal and interest on a Note denominated in a specified currency (the "*Specified Currency*") other than U.S. dollars for which DTC is the clearing system will be made by the Bank in such Specified Currency to the Exchange Agent but will be paid (after conversion by the Exchange Agent) to the investor(s) in such Note in U.S. dollars; *however*, if an investor wishes to receive such payment in such Specified Currency, then it may make an affirmative election to receive payment on such Note in such Specified Currency. See Condition 7.9.

Payment in respect of Notes denominated in Renminbi may be made in U.S. dollars if "RMB Currency Event" is specified as being applicable in the applicable Final Terms and a RMB Currency Event occurs. See Condition 7.11.

Maturities: ..... Each Series of Notes will have such maturity as may be agreed between the Issuer and the relevant Dealer(s) or investor(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws applicable to the Issuer or the relevant Specified Currency.

Issue Price: ..... Notes may be issued at an issue price that is at par or at a discount to, or premium over, par (for each Tranche of Notes, its "*Issue Price*").

Form of Notes: ..... Each Series of Notes may be issued in bearer or registered form as set out in the applicable Final Terms. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. See "Form of the Notes."

Each Series of Notes may be fixed rate notes ("*Fixed Rate Notes*"), floating rate notes ("*Floating Rate Notes*") or zero coupon notes ("*Zero Coupon Notes*").

Fixed Rate Notes: ..... For each Series of Fixed Rate Notes, interest will be payable on such Interest Payment Date(s) as may be agreed between the Issuer and the relevant Dealer(s) or investor(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and such Dealer(s) or investor(s).

Floating Rate Notes: ..... Each Series of Floating Rate Notes will bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions (as amended and updated as of the Issue Date of the first Tranche of Notes of the relevant Series),

(b) on the basis of a reference rate (as set out in the applicable Final Terms) appearing on the agreed screen page of a commercial quotation service, or

(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s) or investor(s).

The margin (if any) relating to a Tranche of Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) or investor(s). Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s) or investor(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction (as such term is used in Condition 6.6), as set out in the applicable Final Terms.

Zero Coupon Notes: ..... Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Benchmark Discontinuation - Reference Rate Replacement: ..... On the occurrence of a Benchmark Event for a Series of Floating Rate Notes other than any Series of Floating Rate Notes for which the Reference Rate is U.S. dollar-denominated LIBOR ("*USD LIBOR*") or SOFR and for which Condition 6.7(II) is indicated in the applicable Final Terms as being applicable, the Issuer may (subject to certain conditions and following consultation with an Independent Adviser) determine a Successor Rate, failing which an Alternative Rate and, in either case, the applicable Adjustment Spread and any Benchmark Amendments in accordance with Condition 6.7(I).

On the occurrence of a Benchmark Event for a Series of Floating Rate Notes for which the Reference Rate is USD LIBOR or SOFR and for which Condition 6.7(II) is indicated in the applicable Final Terms as being applicable, the Benchmark Replacement shall replace the then-current Benchmark and, in

either case, the applicable Benchmark Replacement Adjustment and any Benchmark Replacement Conforming Changes shall be determined in accordance with Condition 6.7(II).

Redemption: ..... The applicable Final Terms for a Tranche of Notes will indicate either that such Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or as a result of an acceleration due to an Event of Default) or that such Notes also will be redeemable at the option of the Issuer and/or the applicable Noteholders upon giving notice to the applicable Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) or investor(s) and set out in the applicable Final Terms.

Denomination of Notes:..... The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) or investor(s) and set out in the applicable Final Terms, except that the minimum denomination of each Note to be admitted to trading on a regulated market for the purposes of MiFID II and/or that are to be offered to the public in a Member State in circumstances that would otherwise require the publication of a prospectus pursuant to the Prospectus Regulation will be: (a) such minimum amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any applicable laws and (b) equal to, or greater than, €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency as of the applicable Issue Date).

Notwithstanding the above, and unless set forth in the applicable Final Terms otherwise, IAI Definitive Notes and beneficial interests in IAI Global Notes will be issued only in minimum denominations of US$500,000 and integral multiples of US$1,000 in excess thereof (or its approximate equivalent in the applicable Specified Currency at the applicable Issue Date).

Taxation; Payment of Additional Amounts: ..... All payments in respect of the Notes (including with respect to the Coupons, if any) by (or on behalf of) the Issuer will 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 that event, the Issuer will (subject to certain exceptions) pay such additional amounts ("*Additional Amounts*") as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts that would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of the withholding or deduction. See "Taxation – Certain Turkish Tax Considerations" and Condition 9.1.

All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA, as provided in Condition 7.1; *it being understood* that, 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 in respect of the Notes (including on Coupons) for, or on account of, any FATCA Withholding Tax.

Negative Pledge: ..... The terms of the Notes will contain a negative pledge provision as further described in Condition 4.

Certain Covenants: ..... The Conditions (except, for any Series, as altered in the Final Terms for such Series) provide that the Bank agrees to certain covenants, including covenants

limiting transactions with affiliates. See Condition 5.

Events of Default: ..... The Conditions provide that the Notes will be subject to certain Events of Default, including (among others) non-payment, breach of obligations, cross-acceleration and certain bankruptcy and insolvency events. See Condition 11.

Status of the Notes: ..... The Notes and Coupons will (except, with respect to any Series, to the extent provided otherwise in a supplement to the Agency Agreement, for which a supplement to this Base Prospectus might be prepared or a further prospectus issued) be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference or priority among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, bankruptcy, liquidation or similar event relating to the Issuer, only to the extent permitted by applicable laws relating to creditors' rights.

Rating: ..... The Programme has been rated "B+" (for long-term issuances) and "B" (for short-term issuances) by Fitch and "B2" (for long-term issuances) and "Not Prime" (for short-term issuances) by Moody's. The "Ratings Definitions" of Fitch describe this rating as indicating that: (a) material default risk is present but a limited margin of safety remains and (b) financial commitments of the Issuer are currently being met; *however*, capacity for continued payment is vulnerable to deterioration in the business and economic environment. Moody's "Rating Symbols and Definitions" defines this rating as reflecting an obligation that is speculative and subject to high credit risk.

Series of Notes may be rated or unrated. Where a Tranche of Notes is rated, the initial such rating(s) will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating (if any) assigned to the Programme by the relevant rating agency. 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.

ERISA: ..... Subject to certain conditions, the Notes may be invested in by an "employee benefit plan" as defined in and subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), of the United States, a "plan" as defined in and subject to Section 4975 of the Code or any entity whose underlying assets include "plan assets" of any of the foregoing. See "Certain Considerations for ERISA and other U.S. Employee Benefit Plans."

Listing and Admission to Trading: ..... An application has been made to Euronext Dublin for Notes issued during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to trading on the Regulated Market.

Notes of a Series may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s) or investor(s). Notes that are neither listed nor admitted to trading on any market may also be issued. The Final Terms for a Tranche will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or market(s).

Governing Law: ..... The Notes, the Agency Agreement, the Programme Agreement, the Deed of Covenant and the Deed Poll, and any non-contractual obligations arising out of or in connection therewith, are or will be (as applicable) governed by, and construed in accordance with, English law.

Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes (or beneficial interests therein) in (*inter alia*) Turkey, the United States, the EEA (including Belgium), the United Kingdom, the PRC, Hong Kong, Singapore, Japan, Switzerland and Thailand, and there will be such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "Transfer and Selling Restrictions."
United States Selling Restrictions:	Regulation S (Category 2), Rule 144A and Section 4(a)(2). Bearer Notes with a term of greater than one year will be issued in compliance with rules identical to those provided in: (a) U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) ("*TEFRA D*") or (b) U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) ("*TEFRA C*") such that the Bearer Notes will not constitute "registration-required obligations" under Section 4701(b) of the Code, as specified in the applicable Final Terms. Such rules impose certain additional restrictions on transfers of Bearer Notes (or, for Bearer Global Notes, beneficial interests therein).

RISK FACTORS

An investment in the Notes involves risk. 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 all payments due in respect of the Notes. It is not possible to identify all such factors or (other than the most material within each category of risks) to rank their materiality as the Issuer might not be aware of all relevant factors and certain factors that it currently deems not to be material might become material as a result of the occurrence of future events of which the Issuer does not have knowledge as of the date of this Base Prospectus. The Issuer has identified in this Base Prospectus a number of factors that might materially adversely affect its ability to make payments due under the Notes.

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 also read the detailed information set out elsewhere in (or incorporated by reference into) this Base Prospectus and reach their own views prior to making any investment decision relating to the Notes; however, the Issuer does not represent that the risks set out herein are exhaustive or that other risks might not arise in the future. Prospective investors in the Notes should consult with appropriate professional advisers to make their own legal, tax, business and financial evaluation of the merits and risks of investing in the Notes.

As a large national 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 Turkey has a material trading relationship). The category of risk factors entitled "Risks Relating to Turkey" below describes the material risks relating to Turkey 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 Turkey, 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.

It is important to note that the exposure of the Group's business to a market downturn in Turkey 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 Turkey, 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 customers might incur substantial losses of their own, thereby weakening their financial condition and increasing the credit risk of the Group's exposure to such customers. As such, the below risks should be understood in the context that more than one might apply concurrently and compound any adverse effects on the Group's business, financial condition and/or results of operations.

Risks Relating to Turkey

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 Turkey. For example, as of 31 December 2020: (a) the Bank's loans (net) constituted 62.3% of its total assets, substantially all of which loans were made to borrowers located in Turkey, (b) the Bank's deposits from customers (excluding interbank deposits) constituted 53.5% of its total liabilities, almost all of which deposits were located in Turkey, and (c) 14.2% of the Bank's total assets were invested in securities issued by the Turkish Treasury. In addition, the Group's non-Turkish business and assets (including the business and assets of the Group's non-Turkish subsidiaries) are largely related to Turkey, such as being related to Turkish customers, exports and imports.

The Group's business is significantly dependent upon its customers' desire to borrow money from the Group and their ability to meet their obligations to the Group and deposit funds with 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 consumer demand, an increase in unemployment 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 customers 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 Turkey, the Turkish regulatory environment and other conditions relating to Turkey. These principal sub-categories of the risks relating to Turkey are set out in "*-Political Conditions*," "*-Economic Conditions*" and "*-Turkish Regulatory and Other Matters*" below.

Political Conditions

The political circumstances in Turkey 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, Turkey's relationship with other nations, internal and regional conflicts and the regulatory framework. 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 Turkey might negatively affect the Group's business, financial condition and/or results of operations

Negative changes in Turkey'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 Turkey'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. Unstable coalition governments have been common, and Turkey has had numerous, short-lived governments, with political disagreements frequently resulting in early elections, which has resulted in political and economic uncertainty.

The Turkish political environment has been particularly 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 initiated legal proceedings against numerous institutions (including schools, universities, hospitals, associations and foundations), some of which were closed down, and arrested, discharged or otherwise limited thousands of members of the military, the judiciary and the civil service, restricted media outlets and otherwise taken actions in response to the coup attempt, including expansion of these actions to members of the business community and journalism sector. The political circumstances following the attempted coup, its aftermath or any other political developments might have a negative impact on the Turkish economy (including the value of the Turkish Lira, international investors' willingness to invest in Turkey and domestic demand), Turkey's relationships with the EU, the United States and/or other jurisdictions, the institutional (including as a result of arrests, suspension or dismissal of a number of individuals working in the public sector) and regulatory framework, the Bank's and/or the Group's business, results of operations and/or conditions (financial or otherwise) and/or the market price of an investment in the Notes.

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

On 9 July 2018, President Erdoğan announced the new ministers of his cabinet, which included the appointment of the former minister of Energy and Natural Resources and his son-in-law, Berat Albayrak, as the minister of Treasury and Finance. On 10 July 2018, President Erdoğan issued a decree: (a) empowering the President to appoint: (i) the governor of the Central Bank, whereas the Council of Ministers had the authority to appoint the governor of the Central Bank in the parliamentary system, and (ii) the deputy governors of the Central Bank, whereas this appointment was previously made by

the Council of Ministers among the candidates suggested by the governor of the Central Bank, (b) removing the previous requirement for deputy governors of the Central Bank to have at least ten years of professional experience and (c) shortening the office term of the governor and the deputy governors of the Central Bank to four years from five years (in any case, the governor's term of office is limited to the term of the President who is on duty at the date of the appointment of such governor). On 6 July 2019, the governor of the Central Bank was removed from his post by a Presidential Decree and, on the same day, President Erdoğan appointed Mr. Murat Uysal, one of the Central Bank's then-deputy governors, as the new governor of the Central Bank. This was followed on 9 August 2019 by the board of the Central Bank, as part of its reorganisation, removing from office its chief economist and some other high-ranking officials. On 8 November 2020, Berat Albayrak, the then Minister of Treasury and Finance and son-in law of President Erdoğan, resigned and was promptly replaced by Mr. Lutfi Elvan, a former Minister of Transport, Maritime and Communication. Following the depreciation of the Turkish Lira to its weakest value to 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 dismissal 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 dismissal of the governor to TL 7.99 per U.S. Dollar) during the same period. Any failure of the Central Bank and/or the Turkish Treasury to implement effective policies might adversely affect the Turkish economy and thus have a material adverse effect on the Group's business, financial condition and/or results of operations.

Municipal elections were held on 31 March 2019, as a result of which the AKP lost control of several major cities, including İstanbul, Ankara and Antalya; *however*, the AKP claimed election fraud in, and requested to repeat the elections in, İstanbul. On 6 May 2019, the Supreme Election Board ordered a revote for İstanbul mayor in an election to be held on 23 June 2019. In the revote, Mr. Ekrem İmamoğlu, the CHP's candidate who had been declared the winner of the 31 March 2019 elections and had been installed as mayor until the revote decision of the Supreme Election Board, increased his majority to 54.21% and he was reinstalled as mayor on 27 June 2019.

In addition to domestic events, there has been recent political tension between Turkey 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 recent events have impacted the relationship. For example, on 8 October 2017, the United States suspended all non-immigrant visa services for Turkish citizens in Turkey following the arrest of an employee of the United States consulate in İstanbul. On the same date, Turkey responded by issuing a statement that restricted the visa application process for United States citizens. While visa services have since resumed to normal, relations between the two countries remain strained on various topics, including: (a) the conflicts against the self-proclaimed jihadist Islamic State ("*ISIS*") and in Syria (as described further below), (b) relationships with 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 and (d) Turkey's December 2017 entry into a contract with Russia for the purchase of S-400 missile defence systems (including, with respect to clauses (b) and (d), as described further below). Following the U.S. election held on 3 November 2020, a new administration took office on 20 January 2021. On 24 April 2021, U.S. President Biden referred to the World War I death of Armenians in the Ottoman empire as genocide, which might negatively contribute to Turkey's relationship with the United States. It is uncertain whether the positions that the new administration might take with respect to Turkey, including relating to any of the above-mentioned topics (including potential additional sanctions), might materially alter the relationship between Turkey and the United States.

On 1 August 2018, the Office of Foreign Assets Control of the U.S. Department of Treasury ("*OFAC*") took action targeting Turkey's Minister of Justice and Minister of Interior, indicating that these Ministers played leading roles in the organisations responsible for the arrest and detention of American pastor Andrew Brunson. Following such action, Turkey imposed reciprocal sanctions against two American officials. On 10 August 2018, the President of the United States stated that he had authorised higher tariffs on steel and aluminium imports from Turkey. On 15 August 2018, Turkey retaliated by increased tariffs on certain imports from the United States, such as cars, alcohol and tobacco. These actions contributed to a decline in the value of the Turkish Lira, which fell to a record low (exceeding TL 7.2 per U.S. dollar in the week ended 12 August 2018) before strengthening to TL 5.3 as of 31 December 2018, due to various reasons, including the higher than expected interest rate hike (625 basis points) by the Central Bank on 13 September 2018, improving relations between Turkey and the United States following the release of Mr. Brunson on 12 October 2018 and the 2 November 2018 removal of the sanctions imposed upon the two Turkish ministers and reciprocal sanctions imposed by Turkey.

On 5 November 2018, in an effort to constrain Iran's nuclear programme, the United States reinstated United States sanctions on Iran that had been removed in 2015 as part of the Joint Comprehensive Plan of Action, a multilateral treaty signed with Iran on 14 July 2015 on the Iranian nuclear programme (the "*Joint Comprehensive Plan of Action*"), including certain sanctions imposed upon the Iranian financial and energy sector and some imports from Iran, including (after a short exemption period that has since expired) Turkey's import of Iranian oil. The impact of this action, including any additional costs that might be borne by Turkish importers of oil (and thus on the country's current account deficit) or any sanctions that might be imposed for violations of these requirements and/or Turkey's relationship with Iran, might have a material negative impact on the Turkish economy and thus have a material adverse effect on the Group's business, financial condition and/or results of operations.

In December 2017, Turkey entered into a contract with Russia for the purchase of S-400 missile defence systems, the first shipments of which were received on 12 July 2019. As a result, Turkey was excluded from NATO's F-35 stealth fighter jet programme on 17 July 2019. On 11 December 2020, the U.S. Congress passed (on a bipartisan basis) an annual defense spending bill that included a requirement that (within 30 days from enactment) sanctions be imposed by the U.S. administration upon Turkey in connection with Turkey's purchase of the S-400 missile defence systems and, on 14 December 2020, the U.S. administration announced sanctions on Turkey'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 Turkey'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 any other NATO member will impose any sanctions or other measures (or if the U.S. will impose additional sanctions or other measures) against Turkey and, if imposed, how such might impact the Turkish economy and/or the relationship between Turkey and any other NATO member.

In October 2019, the Turkish military, following a pullback by the United States of its presence in northern Syria, commenced military operations to create a "safe zone" in northern Syria in an effort to enhance Turkey's border security. As this territory was largely held by the People's Protection Units (YPG) in Syria, which had assisted the U.S. in the fight against ISIS but that Turkey designates as a terrorist organisation and believes is affiliated with the Kurdistan Worker's Party (the "*PKK*") (an organisation that is listed as a terrorist organisation by various states and organisations, including Turkey, the EU and the United States), significant conflict in the region might occur. In addition to objections raised by Syria, Iran and Russia to this military activity, the United States (*inter alios*) has taken certain actions (including sanctions on three Turkish ministers and the ministries of defense and energy, though such sanctions were lifted quickly upon an agreement for a pause of operations by Turkey's military) and might impose additional sanctions upon Turkish military personnel, political figures and/or entities and/or take other actions that might negatively impact the Turkish economy and/or Turkey's relationship with the United States (in fact, both the U.S. House of Representatives and the Foreign Relations Committee of the U.S. Senate in late 2019 passed bipartisan approvals for sanctions (including, without limitation, freezing assets of senior Turkish officials, banning arms transfers to the country, imposing sanctions on Halkbank and potentially imposing fees and penalties on Turkish financial institutions who are found to have knowingly facilitated certain transactions relating to Turkey's military operations in Syria)). While Turkey has entered into separate agreements with the United States and Russia that aim to achieve multi-party agreement on this "safe zone," the parties might disagree about the implementation of these agreements and/or the parties' adherence to their terms.

On 27 November 2019, the Turkish government signed a Memorandum of Understanding with Libya's Government of National Accord to recognise a shared maritime boundary in the Mediterranean running from Southwestern Turkey to northeastern Libya. This was further supported by a separate agreement signed in order to expand security and military cooperation between the two countries. A number of countries raised objections to this agreement with Libya. On 2 January 2020, the military resolution was accepted by the Turkish parliament and a small contingent of Turkish troops was deployed in (and arms shipped to) Libya. On the same date, Greece, Israel and Cyprus signed an agreement for a new undersea pipeline that would carry gas from offshore deposits in the southeastern Mediterranean to continental Europe, which might constrain Turkey's efforts to explore for and subsequently develop offshore gas reserves in the region.

Heightened tensions between Turkey and Russia over Syria or events in Ukraine could materially negatively affect the Turkish economy, including through any negative impact on Turkey's tourism revenues. For example, amid tensions over Turkey's support for Ukraine, Russia suspended most commercial flights to Turkey between 15 April and 1 June 2021, citing rising COVID-19 infections, which is expected to significantly impact an important source of revenue for Turkey's tourism

industry. Tensions between Turkey and Russia might also negatively impact Turkey's access to Russian energy supplies. As of 31 December 2020, Russia was Turkey's second largest trading partner and the largest supplier of natural gas to Turkey. In October 2020, conflict broke out between Armenia and Azerbaijan over the disputed territory of Nagorno-Karabakh. Turkey has supported the efforts by Azerbaijan, which again puts it in conflict with Russian interests.

The above-mentioned events, future elections and/or other political circumstances might: (a) result in the volatility of Turkish financial markets, have an adverse effect on investors' perception of Turkey and/or have an adverse effect on Turkey's ability to support economic growth and manage domestic social conditions, (b) result in (or contribute to) a deterioration of the relationship between Turkey 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 – Turkey and its economy are subject to external and internal unrest and the threat of terrorism

Turkey 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 on-going conflicts in Syria and against ISIS have been the subject of significant international attention and conditions in the region remain volatile. Unrest in these countries might affect Turkey's relationships with its neighbours, have political implications both within Turkey 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 Syrian refugees (including through Turkey into the EU), a lower flow of foreign direct investment into Turkey, 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 above-described commencement by the Turkish military to establish a "safe zone" in northern Syria, which might have political repercussions both within Turkey 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 conflict with the PKK, which has intensified since 2015, also might (*inter alia*) negatively impact the Turkish economy and/or Turkey's relationship with the United States.

As also discussed in "-Political Developments" above, the Turkish military commenced military operations in northern Syria in October 2019. This engagement expanded, including in particular around Idlib, and has resulted in many Turkish casualties and increased direct conflicts between the Turkish and Syrian militaries. Although Turkey and Russia reached a ceasefire agreement in March 2020 that has since reduced the level of conflict, a permanent diplomatic solution has not yet been reached and it is possible that this conflict might escalate further, including resulting in further conflicts with Russia and/or other nations. The recent conflicts in Nagorno-Karabakh described in "-Political Developments" also might contribute to further disagreements between Turkey and Russia.

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, including as a result of reduced revenues from tourism following heightened insecurity and any deterioration in the relationship between Turkey and the United States, Russia and/or other countries (including any sanctions or other governmental actions).

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

Turkey has had a long-term relationship with the EU. In 1963, Turkey signed an association agreement with the EU, and a supplementary agreement was signed in 1970 providing for a transitional second stage of Turkey's integration into the EU. Turkey has been 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 Turkey and affirmed that Turkey'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 Turkey has implemented various of these reforms and has continued harmonisation efforts with the EU, the relationship between the EU and Turkey has at times been strained, including due to the passage of Syrian and other refugees through Turkey into the EU. The Parliamentary Assembly of the Council of Europe voted on 25 April 2017 to restart monitoring Turkey 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 Turkey's potential membership in the EU. On 15 July 2019, the EU adopted certain measures against Turkey over Turkey'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. More recently, tensions have increased between Turkey and France, including due to differing interests in the conflict in Libya and terrorist attacks in France, which led to the Turkish President calling for a boycott of French goods and France to withdraw its ambassador from Turkey. Tensions have also risen between Greece and Turkey 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 Turkey and, on 26 November 2020, the European Parliament passed a non-binding resolution calling for sanctions on Turkey. On 11 December 2020, EU leaders agreed to impose sanctions against unspecified individuals and entities involved in activities related to the disputed waters, with the identity of these individuals and sanctions to be named shortly thereafter, and noted that further sanctions might be imposed in early 2021; *however*, in March 2021, EU leaders decided to postpone these plans in light of increased diplomatic activity. Any decision by the EU to abolish or limit the customs union with Turkey, end Turkey's EU accession bid or impose additional sanctions on Turkey might result in (or contribute to) a deterioration of the relationship between Turkey and the EU and have material negative impacts on Turkey's economy.

These circumstances might result in (or contribute to) a deterioration of the relationship between Turkey and the EU and/or certain of its member states. There can be no assurance that the EU or Turkey will continue to maintain an open approach to Turkey's EU membership or that Turkey 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 Turkey's EU accession discussions or any other international relations between Turkey and the EU (or any of its member states), the Turkish economy might be adversely affected, which might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Economic Conditions

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

In recent years, Turkey's gross domestic product ("*GDP*") growth rates have been volatile. The GDP growth was 6.1% in 2015 and 3.2% in 2016; *however*, the Turkish economy recorded a robust growth of 7.5% in 2017, fuelled by a combination of government support and improving macroeconomic conditions. While 2018 started in similar fashion, there was a marked slowdown in growth in the second half of 2018 due to significant volatility in foreign exchange rates and increases in interest rates, particularly in the third quarter. With negative growth of 2.8% in the final quarter of 2018, the Turkish economy only grew by 2.8% in 2018. The first two quarters of 2019 also experienced negative GDP growth, though growth in the second half of the year recovered, resulting in a positive growth in GDP of 0.9% during 2019. In the first three months of 2020, GDP increased by 4.5% compared to the same period of the previous year; *however*, GDP sharply decreased by 9.9% in the second quarter of the year driven by the impact of the COVID-19 pandemic. GDP then returned to strong growth in the third and fourth quarters of 2020, which growth was supported by an increase in investments and household

consumption. As a result, and notwithstanding the pandemic's continuing impact both on Turkey and globally resulting from the precautions (such as curfews, travel restrictions, factory closures and restrictions on public gatherings) taken to minimise the transmission of COVID-19, GDP increased by 1.8% during 2020. Following an increase in the daily number of cases in November 2020, the government announced additional measures to combat COVID-19, including partial curfews during weekends, distance learning for schools and closing dining establishments. 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 (*e.g.*, in 2020, the Turkish Lira depreciated by 23.6% against the U.S. dollar, which greatly exceeded the year's GDP increase even without adjusting for inflation, resulting in a significant decline in the Turkish GDP in U.S. dollar terms). Growth in 2021 might be similarly negatively impacted, particularly until adequate community vaccination rates are achieved. This weak growth has negatively impacted the Bank and further weak (or even negative) growth in GDP is likely to have a material adverse effect on the Group's business, results of operations and financial condition, including through a deterioration in the asset quality of the Group's growing loan portfolio and/or the increasing formation of NPLs (particularly for SMEs and in industries, such as tourism and retail, that have been disproportionately impacted by the precautions taken to minimise the transmission of COVID-19) (see "-COVID-19").

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 reserves have recently been declining 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.

It is important to note that the Group's banking and other businesses are significantly dependent upon its customers' 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 customers 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 pandemic) and natural events such as earthquakes. For example, the impact of the COVID-19 pandemic on the global economy (including precautions taken to minimise transmission, including travel restrictions, the closure of factories and restrictions on public gatherings) has increased risks to global growth and financial markets. See "-COVID-19" below. 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 (13.4% as of February 2021), high levels of inflation 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 Turkish economy due to their impact on public funds, which might lead to further depreciation of the Turkish Lira,

and thus 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. The Turkish government has sought to improve economic growth and, in September 2020, the Turkish Treasury published a three-year medium-term economic programme under which GDP growth was anticipated to be 0.3% for 2020 (the 1.8% increase in 2020 exceeded the 0.3% that had been estimated) and 5.8% for 2021 and 5.019% for each of 2022 and 2023, with the expected growth in 2021 being supported by the anticipated rebound of economic activity following the normalization after the pandemic.

In the first half of 2019, the then Treasury and Finance Minister Mr. Albayrak announced "Structural Transformation Steps" intended to support and strengthen: (a) the financial sector, (b) the fight against inflation, (c) budget discipline and tax reform and (d) sustainable growth. On the financial sector side, the main efforts have been focused on increased capitalisation and strengthening the asset quality of the banking sector, including additional capital infusions into the public banks and guidance to private banks to increase capital (including a temporary prohibition on the distribution of dividends). The targets for sustainable growth and an improving employment environment concentrate on certain strategically defined sectors, including energy, mining, petrochemical, pharmacy, tourism, automotive and information. Turkey's sovereign wealth fund (*Türkiye Varlık Fonu*) (the "*Turkey Wealth Fund*") is also intended to be used 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 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 40.0% in 2018, 12.5% in 2019 and 23.6% in 2020, with significant volatility particularly from September through November of 2020 driven in part by changes in Central Bank policy and regulatory changes). The Central Bank has from time to time used its interest rate policy, reserve requirements and other tools to try to lower inflationary pressures arising from exchange rate volatility, including some fairly large hikes in interest rates in 2018 (which were then followed by large decreases in 2019 and early 2020 as inflation moderated and then, notwithstanding the disinflationary impact of the COVID-19 pandemic-related shutdowns, significant increases starting in August 2020 to address a significant depreciation in the value of the Turkish Lira). 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.

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), might adversely affect the financial condition of Turkey as a whole, including its inflation rate, and might have a material negative effect on the Group's business, financial condition and/or results of operations. On 30 April 2019, the Central Bank noted that it has been actively using short-term swap transactions, borrowing U.S. dollars from local banks with an agreement to repay at a later date, to limit the impact of the tight liquidity of the Turkish Lira. While the accounting of these swap transactions might be viewed as overstating the Central Bank's foreign reserves, the Central Bank has stated that such method of accounting is in line with international standards.

Any monetary policy tightening of the U.S. Federal Reserve and/or the ECB, or any other increase in market interest rates, particularly if it is more accelerated than expected, might have an adverse impact on Turkey, including on Turkey's external financing needs, and might reduce the availability of and/or increase the cost of funding to the Turkish banking sector.

In March 2019, the United States announced that imports from Turkey and India would no longer be eligible for tariff relief under the "Generalized System of Preferences" programme, which programme seeks to promote economic

growth in countries identified as being developing countries. In Turkey's case, the United States cited Turkey's rapid economic development since its entry into the programme and that it thus no longer qualified to benefit from these tariff preferences. Regulatory changes such as these reflect increasing challenges faced by some exporters, which might have a material adverse effect on Turkey's economy and/or the financial condition or one or more industries within Turkey.

Should Turkey'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.

COVID-19– The outbreak of the COVID-19 pandemic has negatively affected the global and Turkish economy and financial markets and might continue to disrupt and/or otherwise negatively impact the operations of the Group and/or its clients

The ongoing COVID-19 pandemic has caused significant disruption in the global and Turkish economy and financial markets. Within Turkey and many of its important trading partners, the spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labour shortages, supply chain interruptions and overall economic and financial market instability. The impacts of the pandemic might materially and adversely impact the Group's business, financial condition and/or results of operations in the following ways, among others:

- reductions in business and consumer activity and financial transactions, which might lead to a reduction in demand for loans and/or the Group's banking services that generate fee and commissions income,

- the quality of the Group's loans and other assets (and the value of collateral securing the same) might deteriorate, particularly in those sectors (such as automobiles, textiles, services, real estate and tourism) or those segments (such as the Group's SME segment) that are most dramatically impacted, which might lead (*inter alia*) to increases in provisions (including as a result of the temporary relief for recognition of NPLs described in the fourth paragraph of "-Counterparty Credit Risk"), NPLs and/or reductions in customer payments (*e.g.*, loans under credit cards),

- to the extent that global trade and travel flows remain subdued for a prolonged period of time, potential overcapacity in tourism, transport and logistics infrastructure (including hotels and airports) might lead to a rapid decline in prices of these and other properties, which might then lead to a further deterioration of the asset quality of the Group's loan book and, in case of any restructuring with any borrowers resulting in more favourable terms to borrowers, might lead to a decrease in income for the Group,

- regulatory measures that seek to ease the impact of COVID-19 might (*inter alia*) affect customer demand for loans and/or services, affect pricing in Turkey's competitive banking landscape, impose limitations on the Group's ability to enforce its contracts (including with respect to collateral) and/or, for temporary regulatory changes (*e.g.*, the rule announced by the BRSA on 23 March 2020 allowing banks to use 31 December 2019 exchange rates in certain capital and other calculations), result in financial calculations that are not comparable to those of previous and later periods (including resulting in potentially material changes after such temporary measures terminate), alter the decision-making process of the Group and/or make it more difficult for investors to assess financial results on a comparative basis,

- sources of liquidity available to Turkish borrowers (including the Group) might be reduced and/or more expensive, including if sentiments in capital markets further deteriorate or international investors reduce their exposure to Turkey,

- continued volatility of the Turkish Lira could affect Turkey's current account deficit and/or the ability of Turkish borrowers to repay obligations denominated in (or linked to) foreign currencies, which could impact not only the Group's own loan portfolio but also Turkey's economy generally, including by way of increased unemployment, and/or

- some of the Group's operations might be impacted, such as due to illness among staff or the need to close or limit customer access to branches.

Through the date of this Base Prospectus, the pandemic has already resulted in significant contractions in many economies, including those of the United States and the EU, and the future impact of the outbreak is highly uncertain and cannot be predicted. Due in part to the COVID-19 pandemic, the Group experienced an increase in its provisions for Stage 2 loans during 2020, principally due to the Group's decisions to prepare for a potential decline in asset quality and temporary measures introduced by the BRSA in March 2020 to lengthen the period of non-payment before a loan or other receivable is moved from Stage 2 to Stage 3, resulting in loans remaining categorised as Stage 2 longer (which temporary measure was, on 8 December 2020, extended through 30 June 2021). Among the sectors impacted by the COVID-19 pandemic, the Bank's loans to the manufacturing industry (including textile, food and beverage and metals) comprised 16% of the Bank's loan portfolio and loans to the service industry (including transportation, communication, wholesale trade services, hotels, restaurants and cafes) comprised 35% of the Bank's loan portfolio, both as of 31 December 2020. As of the same date, the Bank's loans to: (a) hotels, restaurants and cafes represented less than 4% of the Bank's loan portfolio, (b) the energy sector represented less than 4% of the Bank's loan portfolio, (c) the real estate sector represented 6% of the Bank's loan portfolio and (d) the construction sector represented 5% of the Bank's loan portfolio. The slowdown relating to the pandemic has also negatively impacted fee and commission income (particularly during the second quarter of 2020) due in part to reduced customer demand and fee waivers that the Bank has granted to some of its customers during this period. As a result of the impact of the COVID-19 pandemic on Turkey's fiscal position, the government has temporarily increased the level of corporate income tax from 22% that applied to fiscal periods that started in 2018, 2019 and 2020 to 25% and 23% for fiscal periods that start in 2021 and 2022, respectively, which increases will have a corresponding impact on the after-tax income of the Group and its corporate clients. Due to increasing COVID-19 infections, in April 2021, Turkey introduced additional restrictive measures, including lockdowns and the closing of restaurants. The future impact of the pandemic is highly uncertain and cannot be predicted and there is no assurance that it will not lead to a further deterioration of the asset quality of the Group's loan portfolio or otherwise have a material adverse impact on the Group's business, financial condition and/or results of operations. The extent of the impact, if any, will depend upon future developments, including actions taken globally and within Turkey to contain COVID-19. See also "Turkish Regulatory Environment - Additional COVID-19-Related Temporary Measures" for information on certain regulatory measures taken against the impacts of the COVID-19 pandemic.

It should be noted that the impact of COVID-19, including actions taken to contain it, might heighten many of the other risks noted within these Risk Factors, including through increasing both the probability of negative impacts as well as the severity of such impacts.

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

Turkey'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. According to the Central Bank, Turkey's current account deficit was US$40.6 billion in 2017 (4.7% of GDP) but decreased to US$21.6 billion in 2018 (2.7% of GDP) due to an increase in exports, a slowdown of domestic demand and an increase in tourism revenues. Due to ongoing weakness in economic activity, Turkey's current account balance in 2019 showed a surplus of US$6.8 billion, which was the first surplus since 2001, but then reverted to a deficit of US$36.7 billion in 2020. The 2020 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.*, Turkey's net tourism revenue fell by 64.3% in 2020 compared with 2019). Various events and circumstances, including (*inter alia*) a decline in Turkey's foreign trade and tourism revenues, political risks and an increase in the price of oil, 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 Turkey'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 Turkey's economic growth depends to some extent upon domestic demand, Turkey's economy is also dependent upon trade, in particular with Europe. The EU remains Turkey's largest export market. A significant decline in the economic growth of any of Turkey's major trading partners, such as the EU, might have an adverse impact on Turkey's balance of trade and adversely affect Turkey's economic growth. Diplomatic or political tensions between Turkey 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 Turkey's other trading partners might have a material adverse effect on Turkish exports and thus on Turkey's economic growth and thereby result in an increase in Turkey's current account deficit. To a lesser extent, Turkey

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 imports, with a similar negative effect on Turkish economic growth and Turkey's current account deficit.

Due to the negative impact of the global COVID-19 pandemic, Turkey's tourism revenues and (in particular due to the EU being Turkey's largest export market) export revenues experienced a significant decline in 2020, whereas (driven in large part by the import of gold) imports into Turkey increased. In order to reduce the negative impact on Turkey's current account deficit by decreasing the demand for imports into Turkey and supporting domestic producers, the Turkish government imposed new (or increased) custom tax rates for numerous products. In addition, starting in August 2020, the Central Bank began to tighten monetary policy by increasing the cost of funding (including via large increases to the benchmark policy rate, including a 475 basis point increase to 15.00% in November 2020, a 200 basis point increase to 17.00% in December 2020 and a further 200 basis point increase to 19.00% in March 2021), which might reduce demand for imports, adversely affect Turkey's economic growth and/or result in downward pressure on the Group's net interest margin.

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 and other goods and services might increase, resulting in potential increases in Turkey's current account deficit. As an increase in the current account deficit might erode financial stability in Turkey, the Central Bank takes (and has taken) certain actions to maintain 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.

Turkey is an energy import-dependent country and recorded US$28.9 billion of net energy imports in 2020, a decrease from US$33.9 billion of net energy imports in 2019, which decreased from US$38.6 billion in 2018. 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 Turkey'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 the United States' withdrawal from the Joint Comprehensive Plan of Action and re-imposing previously suspended secondary sanctions on Iran or the decision of the United States to impose sanctions on Venezuela), together with the Turkish Lira's depreciation against the U.S. dollar (in which most of Turkey's energy imports are priced), might have a negative impact on Turkey's current account deficit.

If the current account deficit widens, then financial stability in Turkey might deteriorate. In addition, financing a current account deficit might be difficult in the event of a global liquidity crisis and/or declining interest or confidence of foreign investors in Turkey, and a failure to reduce the current account deficit might have a negative impact on Turkey'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 – Turkey's economy has been subject to significant inflationary pressures in the past and might become subject to significant inflationary pressures in the future

The Turkish economy has experienced significant inflationary pressures in the past. In 2018, the annual consumer price index ("*CPI*") inflation rate was 20.3%, while annual domestic producer price inflation during the year was 33.6%, both increasing significantly due principally to the depreciation of the Turkish Lira. In 2019, the CPI was 11.8% and domestic producer price inflation was 7.4%. In 2020, the CPI was 14.6%, which increased primarily due to the depreciation of the Turkish Lira. On 28 January 2021, the Central Bank published its first inflation report of 2021, indicating an inflation forecast for 2021 and 2022 of 9.4% and 7.0%, respectively. As of March 2021, the last 12 month CPI inflation was 16.2% and the last 12 month domestic producer price inflation was 31.2%.

Significant global price increases in major commodities such as oil, cotton, corn and wheat would be likely to increase inflation pressures in Turkey. Such inflation, particularly if combined with further depreciation of the Turkish Lira, might result in Turkey's inflation exceeding the Central Bank's inflation target, which might cause the Central Bank to modify 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 Turkey were to continue to

fluctuate or increase significantly, then this might have a material adverse effect on the Group's business, financial condition and/or results of operations.

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

Certain sectors of the Turkish economy might have been (or might become) overdeveloped, including in particular the construction of luxury residences, shopping centres, office buildings, travel and tourism facilities and other real estate-related projects and various renewable energy-related projects. For example, significant growth in the number of hotels occurred over recent years in anticipation of a continuing growth in international tourism, whereas in fact tourism declined very significantly in 2015 and 2016 as a result of the conflicts in Syria and Iraq and Turkish political and security concerns and the tourism industry has suffered significantly (while Turkey's tourism revenues started to improve slightly starting from the second quarter of 2017, the industry was still significantly below full capacity before being then severely negatively impacted by the COVID-19 pandemic, including the related travel restrictions). Any such overdevelopment might lead to a rapid decline in prices of these and other properties or the failure of some of these projects, which might then lead to a deterioration of the asset quality of Turkish banks and, in case of any restructuring with any borrowers resulting in more favourable terms to borrowers, might lead to a decrease in income for Turkish banks. Even if this does not occur, the pace of development of such projects might decline in coming years as developers and project sponsors seek to reduce their risk, which might negatively affect the growth of the Turkish economy. Should any of such events occur, then this might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Turkish Regulatory and Other Matters

While political and economic conditions in Turkey tend to have the most significant impact on the Group's business, financial condition and results of operations, various other Turkey-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 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 Regulation on the Equity of Banks was published in the Official Gazette No. 28756 dated 5 September 2013 (the "*2013 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 2013 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 (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 Base Prospectus, the Bank has been classified as a D-SIB under the D-SIBs Regulation),

(c) the BRSA's: (i) decision dated 18 December 2015 (No. 6602) regarding the procedures for and principles on calculation, application and announcement of a countercyclical capital buffer and (ii) decision dated 24 December 2015 (No. 6619) regarding the determination of such countercyclical capital buffer (together, the "*BRSA Decisions on the Countercyclical Capital Buffer*"), pursuant to which decisions the countercyclical capital buffer for Turkish banks' (including the Bank's) exposures in Turkey was initially set at 0% of a bank's risk-weighted assets in Turkey (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 replaced the former "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside" (the "*Regulation on Provisions and Classification of Loans and Receivables*") and 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) the BRSA and Central Bank issued separate decrees in February and March 2020 that impose new limitations on certain fees and commissions that Turkish banks may charge to customers, including imposing a limit on fees for electronic funds transfers, which might negatively impact the fees and commissions earned by the Group,

(g) according to amendments to the 2013 Equity Regulation and the Capital Adequacy Regulation, from 1 January 2022, general provisions will: (i) no longer be allowed to be included in the supplementary capital (*i.e.*, tier 2 capital) of Turkish banks and (ii) be deducted from their risk-weighted assets, and

(h) on 18 April 2020, the BRSA introduced a new test referred to as the "Asset Ratio," which ratio banks were required to meet on a weekly basis starting from 1 May 2020; the monthly average of the Asset Ratio, which was a modified form of a financial assets (*e.g.*, loans and securities) to deposits ratio and was (*inter alia*) intended to measure (and encourage) a bank's use of deposits for active lending (particularly in Turkish Lira) as opposed to investing in securities or other financial assets (particularly in foreign currencies), was not to be lower than 100% for deposit-taking banks and 80% for participation banks (which ratios were later reduced to 90% and 70%); any failure to satisfy this minimum level would have subjected the applicable bank to a fine of up to 5% of the shortfall, which fine was not to be less that TL 500,000 in any case. As of 24 November 2020, this requirement was eliminated by the BRSA (effective as of 31 December 2020) as part of the normalisation process after the initial impact of the COVID-19 pandemic.

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

Such measures might also limit or reduce growth of the Turkish economy and, consequently, the demand for the Group's products and services. Furthermore, as a consequence of certain of these changes, the Group might be required to increase its capital reserves and/or might need to access more expensive sources of financing to meet its regulatory liquidity and capital requirements, which in turn might have an adverse impact on its level of profitability and/or net interest margin. 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 or increase reserves. 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 Turkey 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 Turkey 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 Turkey 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 Turkey 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 Turkey 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 Turkey or the financial performance of the Group. There can be no assurance that investors' interest in Turkey in general, and the Notes in particular, will not be negatively affected by events in other emerging markets or the global economy in general.

Risks Relating to the Group and its Business

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

Credit Risks

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

The Group's primary business risk is the inherent risk that its borrowers and other counterparties might not be able to meet their obligations to the Group, which ability is affected by many factors. These counterparties include (*inter alios*) borrowers of loans from the Group, issuers whose securities are held by the Group, trading and hedging counterparties and customers of letters of credit provided by the Group, the Group's exposures to certain of which (particularly for loans for infrastructure and energy projects) are large. Any of these counterparties might default in their obligations to the Group due (*inter alia*) to the factors described in "*-Risks Relating to Turkey*" 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 customers 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 depreciate materially against foreign currencies, then it would be more difficult for the Group's customers with income primarily or entirely denominated in Turkish Lira to repay their foreign currency-denominated loans (*e.g.*, in part due to the recent significant depreciation of the Turkish Lira and declining economic growth in Turkey, some corporate borrowers (including some large corporate borrowers) have entered into discussions with Turkish banks in connection with restructuring their loans and some of these loans have already been restructured; *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 borrowers, 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. Primarily due to an increase in NPLs as a consequence of the depreciation of the Turkish Lira and the contraction in the growth of the Turkish economy, the Group's NPL ratio increased from 6.1% as of 31 December 2018 to 7.0% as of 31 December 2019 and 6.0% as of 31 December 2020 and the Stage 2 loans to performing loans ratio increased from 9.8% as of 31 December 2018 to 10.4% as of 31 December 2019 and 10.1% as of 31 December 2020. The Group's provisions for loan losses and other receivables increased to TL 2,530 million as of 31 December 2020 from TL 1,919 million as of 31 December 2019, which was itself a reduction from TL 2,231 million as of 31 December 2018. It should be noted that, as a result of March 2020 decisions by the BRSA relating to the government's response to the COVID-19 pandemic, the length of the period of non-payment before a loan or other receivable is considered to be non-performing was temporarily extended through 30 June 2021, which thus might result in some loans and other receivables with an overdue amount between 90 and 180 days to remain classified as performing (*i.e.*, Stage 2 loans) during this period when they might have been classified as NPLs absent these temporary actions. This change is likely to temporarily reduce recognition of NPLs and, as a result, the Group's reported NPLs during the relevant period might not be indicative of the Group's asset quality compared to prior periods. See "Turkish Regulatory Environment - Expected Credit Losses."

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

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

Loans to and receivables from the Group's 20 largest customers as of 31 December 2018, 2019 and 2020 represented 15.7%, 16.7% and 17.1%, respectively, of its total performing loans and receivables. In terms of sector concentration the: (a) manufacturing, (b) wholesale and retail sale and (c) transportation and telecommunication sectors represented the largest concentrations as of 31 December 2020 (18.8%, 13.6% and 10.4% of the Group's total performing loans and receivables, respectively).

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

The general macroeconomic conditions in Turkey 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 caused by a slowdown in the Turkish economy might significantly impact SMEs. 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 announced in December 2016 that the Turkish Treasury would provide a guarantee for SME loans up to an aggregate amount of TL 250 billion under the Credit Guarantee Fund (*Kredi Garanti Fonu*) (the "*KGF*") programme, which aimed to boost economic growth, support high potential companies that have difficulty accessing funding due to collateralisation constraints and help Turkish banks to grow by allowing 0% risk weight to be applied to the guaranteed portion of these loans. The available amount under this facility was increased by TL 55 billion in February 2018, TL 35 billion in May 2018 (to replace KGF-guaranteed loans that had already been repaid), TL 20 billion in January 2019 (for SMEs with 2017 annual turnover of TL 25 million or less), TL 25 billion in March 2019 (for SMEs with a yearly turnover of TL 125 million or less without any industry-specific limitations) and TL 25 billion in June 2019 (for SMEs and non-SMEs). On 30 March 2020, in order to address the economic impact of the COVID-19 pandemic, the amount available under the KGF programme was increased from TL 25 billion to TL 50 billion and the total amount of guarantees that may be given by the KGF was increased from TL 250 billion to TL 500 billion (along with increases in the guarantee limits with respect to individual borrower groups). Banks are assigned certain limits to grant these loans and the amount up to 100% of such limit (for both SMEs and non-SMEs) is guaranteed by the Turkish Treasury; *however*, with respect to each such scheme, to the extent that the non-performing loans (calculated in a specific manner applicable to the KGF programme) from the loans made under such scheme exceed 7%, the relevant bank will bear the risk for the amount of such non-performing loans in excess of such 7% level. The Bank started granting loans under the KGF programme on January 2017 and, as of 31 December 2020, such loans amounted to TL 4.8 billion, of which 26% was granted to guarantee corporate and commercial loans and 74% was used for SME (including micro-enterprises) loans. The total limit of the loans that may be granted by the Bank under the KGF programme is TL 9.7 billion as of the date of this Base Prospectus. The Group expects an increase in loan exposure under the KGF programme and, to the extent that more than 7% of such loans become non-performing (as calculated under the terms of the KGF programme), then this might have a material adverse effect on the Group's asset quality.

Although the Group has put in place policies and procedures to monitor and assess credit risk, taking into account the payment ability and cash generating ability of a borrower in extending credit, the Group might not correctly assess the creditworthiness of its credit applicants. In addition, as the Group's loan portfolio has grown substantially, the Group has extended credit to new customers, many of whom may have more limited credit histories. In particular, the Group has relatively high levels of exposure to retail customers, whose loans generally yield higher interest income but also tend to have higher levels of default than loans to corporate customers (as of 31 December 2020, 33.4% of the Group's total loans were retail loans, including mortgage, credit card and consumer loans). Although such new loans are subject to the Group's credit review and monitoring practices, they might be subject to higher credit risks compared to borrowers with whom the Group has greater experience. Furthermore, the Group's exposures to certain borrowers (particularly for loans for infrastructure and energy projects) are large and the Group is likely to continue making such large loans where such an investment is determined by the Group to be a credit-worthy transaction. Also, should any large Turkish borrower experience financial difficulties, then that might have a negative impact on the Bank, including indirectly through having a negative impact on the Turkish banking sector.

In addition, some large corporate borrowers have entered into discussions with the Group and other Turkish banks in connection with restructuring their loans, which are significant in principal amount. As a specific example, the Bank granted loans (which amounted to TL 221,799.4 thousand as of 31 December 2017) to Ojer Telekomünikasyon A.Ş. ("*OTAŞ*") (the then-majority shareholder of Türk Telekomünikasyon A.Ş. ("*Türk Telekom*")), which loans were classified as "Group II loans" in the Bank's BRSA annual financial statements as of and for the year ended 31 December 2017. In July 2018, all of OTAŞ' lenders (including the Bank) reached an agreement on the restructuring of its debt, which debt was secured by OTAŞ' majority ownership in Türk Telekom. Pursuant to this restructuring agreement, it was decided for the lenders to obtain direct or indirect ownership in a newly created special purpose vehicle to own the shares of Türk Telekom. Accordingly, LYY Telekomünikasyon A.Ş. ("*LYY*") was established as a special purpose vehicle for the restructuring of OTAŞ' debt. The Bank acquired 1.19% of LYY's shares in proportion with its share in OTAŞ' debt. On 21 December 2018, as per the agreed structure, LYY took title to the Türk Telekom shares held by OTAŞ (corresponding to 55% of Türk Telekom's shares). The

lenders extended loans to LYY to finance its acquisition of these Türk Telekom shares. The Bank's loan extended to LYY (amounting to TL 110,032.6 thousand as of 31 December 2018) was classified as "financial assets measured at fair value through profit and loss" in the Bank's BRSA Annual Financial Statements as of and for the year ended 31 December 2018. Following the restructuring, the Bank's loan to OTAŞ was extinguished and payment on the Bank's loan is now dependent upon the value of the Türk Telekom shares held by LYY. At the ordinary general assembly meeting held on 23 September 2019, LYY's shareholders decided to increase LYY's share capital by TL 3,982,280 thousand, all to be covered by converting shareholders' loans to LYY on a *pro rata* basis among the shareholders (thus resulting in no change in ownership percentages). As a result of such conversion (which was effective on 30 September 2019), the nominal value of the shares that are directly owned by the Bank in LYY was increased (though the Bank's share of LYY remained the same) and the remaining amount of the Bank's loan to LYY was reduced to TL 207,299.2 thousand as of 30 September 2019, against which the Group had reserved provisions amounting to TL 135,822.6 thousand as of 31 December 2019. As of 31 December 2020, the Bank's loan to LYY had increased to TL 299,561.6 thousand due to the depreciation of the Turkish Lira, against which amount the Group had reserved provisions amounting to TL 182,732.6 thousand.

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. The Group also has exposure to the Turkish government through the Group's participation in financing state-sponsored infrastructure projects and the KGF-guaranteed loan programme, which might be susceptible to increased credit risk in the event of an economic downturn in Turkey or deterioration of the Turkish government's creditworthiness. See "Risk Management – Credit Risk" and "- Counterparty Risk." The Group's exposure to credit risk might lead to a material adverse effect on the Group's business, financial condition and/or results of operations.

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 31 December 2020, 98.2% of the Group's total investment portfolio (14.2% of its total assets and equal to 173.1% of its shareholders' equity) was invested in Turkish government securities and 0.0% of the Group's total assets were used to make loans to Turkish governmental and state-controlled entities (97.0%, 15.2%, 170.0% and 0.0%, respectively, as of 31 December 2019 and 94.7%, 12.4%, 138.5% and 0.1%, respectively, as of 31 December 2018). In addition, the Group has exposure to the Turkish government through the Group's participation in financing state-sponsored infrastructure projects and the KGF-guaranteed loan programme, which might be susceptible to increased credit risk in the event of continued weakness in Turkey's macroeconomic condition or deterioration of the Turkish government's creditworthiness. In early 2020, the KGF-guaranteed loan programme was expanded to include retail loans as part of the government's efforts to address the economic impact of the COVID-19 pandemic, which expansion might increase the credit risk of obligations payable by the Turkish government. Furthermore, the Group maintains significant amounts of reserves (including foreign currency reserves) with the Central Bank, for which it is subject to the Central Bank's ability to return such reserves, and is otherwise dependent upon the Central Bank.

Turkey's sovereign debt ratings have been subject to various downgrades recently and might be further downgraded. For example, Turkey's sovereign debt rating was downgraded by Moody's on 23 September 2016 to below investment-grade status. On 27 January 2017, Fitch downgraded Turkey's sovereign credit rating to sub-investment grade in line with the rating of Moody's. On 17 March 2017, Moody's revised the outlook of Turkey from stable to negative. On 7 March 2018, Moody's announced a downgrade of Turkey's sovereign debt rating and revised the outlook from negative to stable. On 1 June 2018, Moody's placed Turkey's "Ba2" long-term issuer rating and "Ba2" senior unsecured bond rating on review for downgrade. On 13 July 2018, Fitch downgraded Turkey's long-term foreign-currency issuer default rating to "BB" from "BB+" and assigned the outlook as negative. On 17 August 2018, Moody's lowered Turkey's foreign currency long-term credit rating to "Ba3" from "Ba2" and Turkey's foreign currency deposit ceiling to "B1" from "Ba3." On 24 September 2018, Moody's further lowered Turkey's foreign currency deposit ceiling to "B2" from "B1." On 14 June 2019, Turkey's foreign currency long-term credit rating was further downgraded to "B1 (negative outlook)" from "Ba3 (negative outlook)" by

Moody's. On 12 July 2019, Fitch downgraded Turkey's long-term foreign currency issuer default credit rating to "BB- (negative outlook)" from "BB (negative outlook)" and long-term local currency issuer default credit rating to "BB- (negative outlook)" from "BB+ (negative outlook)." On 1 November 2019, Fitch revised the outlook of Turkey 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 Turkey's long-term foreign-currency issuer default rating at "BB-" with a stable outlook. On 11 September 2020, Moody's further reduced Turkey's foreign currency long-term credit rating to "B2 (negative outlook)." On 7 December 2020, Moody's revised its country ceiling methodology, which unified deposit ceilings with the typically higher debt ceilings, and withdrew all local currency and foreign currency deposit ceilings, short-term ceilings and offshore banks ceilings. On 19 February 2021, Fitch revised the outlook on Turkey's long-term foreign-currency issuer default credit rating from negative to stable.

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 Turkey'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 are protected by 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 Turkey or a decline in the value of certain markets might reduce the value 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 – 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 40.0% in 2018, 12.5% in 2019 and 23.6% in 2020. 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 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. As a result, the Bank has swapped foreign currencies for Turkish Lira to support its Turkish Lira-denominated business, which has increased the Bank's swap costs and thereby had a negative impact on net interest margin (in 2020, such swaps had a 200 basis point negative impact on the Bank's 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 23.6% in 2020, the Turkish Lira-equivalent value of the Group's foreign currency-denominated assets, liabilities and capital increased significantly in 2020. The share of Turkish Lira-denominated assets and liabilities in the Group's balance sheet changed from 61.7% and 47.4%, respectively, as of 31 December 2018 to 58.2% and 43.6%, respectively, as of 31 December 2019, largely due to the depreciation of the Turkish Lira. In addition, there was in 2019 a 20.5% increase (in Turkish Lira terms) in foreign currency-denominated loans primarily due to the depreciation of the Turkish Lira. Accordingly, the growth in total loans during 2019 was only 16.2%, with the increase principally resulting from the depreciation of the Turkish Lira and the corresponding increase (in Turkish Lira terms) of the remaining foreign currency-denominated loans. As of 31 December 2020, the share of Turkish Lira-denominated assets and liabilities in the Group's balance sheet increased to 44.0% and 60.6%, respectively, which change was due to the depreciation of the Turkish Lira (foreign exchange-denominated deposits increased 39.6% in Turkish Lira terms while foreign exchange-denominated loans increased by 24.9%).

From a systemic perspective, if the Turkish Lira were to depreciate materially against the U.S. dollar or the euro (which represent a significant portion of the foreign currency debt of the Group's corporate and commercial customers), then it would be more difficult for the Group's customers with income primarily or entirely denominated in Turkish Lira to repay their foreign currency-denominated debt (including to the Group) and reduced repayment capacity of such customers might have a material negative impact on the Group's financial condition (including its capitalisation). A number of Turkish borrowers 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 31 December 2020, foreign currency-denominated loans (including applicable lease receivables and factoring receivables) comprised 34.6% of the Group's loan portfolio (of which U.S. dollar-denominated obligations were the most significant) (35.0% and 34.7%, respectively, as of 31 December 2018 and 2019).

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 and political conditions in Turkey. See "Risks Relating to Turkey – Political Conditions – Political Developments." 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 margin is the difference between interest income and interest expense divided by average interest-earning assets. Net interest income contributed 98.8% of the Group's operating income for 2020 (87.6% and 82.8%, respectively, for 2018 and 2019) and the net interest margin was 6.1% in 2020 (6.5% and 5.6%, respectively for 2018 and 2019). The Bank's management expects the net interest margin to be lower for the first quarter of 2021 compared to the same period of the previous year. Interest rates are highly sensitive to many factors beyond the Group's control, including monetary policies pursued by the Central Bank and central banks in other jurisdictions, domestic and international economic and political conditions and other factors. Income from financial operations is particularly vulnerable to interest rate volatility.

Interest rates are highly sensitive to many factors beyond the Group's control, including monetary policies pursued by 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. See "Risks Relating to Turkey – Political Conditions – Political Developments." 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 2020 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. 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 – Interest Rate Risk"), these instruments and measures might not protect the Group from the risks of changing interest rates.

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

The Group has historically generated a portion of its interest income from its investment portfolio, with interest income derived from the Group's investment portfolio in 2018, 2019 and 2020 accounting for 14.8%, 12.7% and 15.9%, respectively, of its total interest income and 12.8%, 10.7% and 13.5%, respectively, of its gross operating income (*i.e.*, total interest income and fees and commission income before deducting interest expense and fee and commission expense). The Group also has obtained large realised gains from the sale of securities in its available-for-sale portfolio. The CPI-linked securities in the Group's investment portfolio provided high real yields compared to other government securities in each of such years, benefiting from the high inflation environment, but their impact on the Group's earnings might vary as inflation rates change.

While the contribution of income from the Group's investment portfolio has been significant over recent years, such income might not be as large in coming years. In particular, the robust trading gains earned during the global financial crisis as a result of the high level of volatility in financial markets might not continue. In addition, the recent trend towards lower interest rates might result in lower nominal earnings on the Group's holdings of securities. As such, high levels of earnings from the Group's investment portfolio might not be sustainable in future periods. If the Group is unable to sustain its level of earnings from its investment portfolio, then this might have a material adverse effect on its business, financial condition and/or results of operations.

Funding Risks

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

Liquidity risk comprises uncertainties in relation to the Group's ability, under adverse conditions, to access funding necessary to cover obligations to customers, meet payment obligations on time and satisfy regulatory capital requirements. It includes (*inter alia*) the risk of lack of access to funding (other than from the reserves held with the Central Bank and limits granted to the Bank by the Central Bank both in Turkish Lira and foreign currency), the risk of unexpected increases in the cost of financing and the risk of not being able to structure the maturity dates of the Group's liabilities reasonably in line with its assets (an asset-liability maturity gap). The Group's inability to meet its net funding requirements due to inadequate liquidity might 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 zero to 70 days) 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 (including mortgages and credit cards) and investment securities, which might result in asset-liability maturity gaps and liquidity problems. In addition, depositors might withdraw their funds at a rate faster than the rate at which borrowers repay. The Group's loan-to-deposit ratio (the Group's total amount of loans and receivables excluding NPLs (as defined below) *divided by* total deposits) was 116.9%, 110.6% and 113.6%, respectively, as of 31 December 2018, 2019 and 2020. 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.

While the Bank's principal source of funding comes from deposits, these funds are short-term by nature and thus do not enable the Bank to match fund its medium- and long-term assets. In addition, price competition for wholesale deposits has made such deposits less attractive. As a result, the Bank seeks to extend the average maturity of its liabilities in order to manage the maturity mismatch between assets and liabilities, to manage its liquidity coverage ratio requirements and to provide diversity in its funding. The Bank has raised (and likely will seek to continue to raise) longer term funds from syndicated and bilateral loans, "future flow" transactions, bond issuances and other transactions, many of which are denominated in foreign currencies. The Group's non-deposit funding was equivalent to 26.0%, 25.8% and 26.5%, respectively, of its assets as of 31 December 2018, 2019 and 2020. If growth in the Group's deposit portfolio does not keep pace with growth in its loan portfolio, then the Group will become more reliant upon non-deposit funding sources, some of which might create additional risks of their own such as increased 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 Turkey's credit ratings, were to deteriorate, then the Group might be unable to secure funding through international sources.

The Group also relies upon non-deposit funding (which includes repos and money market funds, funds borrowed, subordinated loans and marketable securities issued), which accounted for 27.6%, 28.3% and 28.9%, respectively, of the Group's total liabilities as of 31 December 2018, 2019 and 2020. 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.

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 22.4%, 21.8% and 22.0%, respectively, of its assets as of 31 December 2018, 2019 and 2020. 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 Turkey 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 might compound the risk of the Group not being able to access funds at favourable rates or at all. If central banks unwind the expansive liquidity and quantitative easing programmes that have been provided during the global financial crisis and the COVID-19 pandemic, competition among banks and other borrowers for the reduced global liquidity might result 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 even impose higher capital requirements, which might 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 private banks in Turkey 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 Turkey. As of 31 December 2020 (according to the Banks Association of Turkey), the top seven banking groups in Turkey (including the Group), three of which were state-controlled, held 84.8% of the Turkish banking sector's total loan portfolio in Turkey, 81.7% of the total bank assets in Turkey and 82.3% of the total deposits in Turkey (in each case, excluding participation banks and development and investment banks). The Bank's management believes that further entries into the sector by foreign competitors, either directly or in collaboration with existing Turkish banks, might increase competition in the market, particularly as foreign competitors might have greater resources and more cost-effective funding sources than the Group.

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

If competitors (including increasingly new technology companies) can offer better lending rates to clients, higher interest rates on deposits or better customer experiences for services and products, then the Group might (*inter alia*) lose customers or market share, be forced to reduce its margins and/or be forced to look for more expensive funding sources, any of which might negatively affect the Group's profitability. Increased pricing competition in the Turkish banking markets through the offer of products at significantly lower prices might also impact customer behavioural patterns 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.

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), or if the methods by which such values were determined are revised in future accounting rules or interpretations, then the Group might experience unexpected reductions in profitability and/or such inaccuracies might otherwise have a material adverse effect on the Group's business,

financial condition and/or results of operations. For example, portions of the Group's provisions for loans are determined based upon assumptions about the Turkish economy and thus (particularly if the Turkish economy underperforms such assumptions) the Group might have taken inadequate provisions for loans.

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

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

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

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

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

Any failure, interruption or breach in security of the Group's IT systems 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 or regulatory fines and sanctions and might severely harm the Group's reputation.

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 Turkey, 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

Large Shareholder – The interests of the Bank's controlling shareholder might not be aligned with the interests of the investors in the Notes

As of the date of this Base Prospectus, QNB owns 99.88% of the Bank's outstanding shares and has the voting power to influence the Bank's strategy and business significantly, including through its power to elect all of the Bank's Board of Directors and to determine the outcome of almost all matters to be decided by a vote of the Bank's shareholders. The interests of QNB might differ from those of the investors in the Notes and QNB might cause the Bank to take or refrain from taking certain actions (*e.g.*, declaring dividends or entering into corporate transactions) that might adversely affect the Noteholders' investment in the Notes. See "Management" and "Share Capital and Ownership."

In addition, if QNB were to sell some or all of its shares in the Bank (whether in a secondary offering or a block sale to a strategic buyer), then the Bank might become controlled by a new party with different interests than the previous

controlling shareholder of the Bank. As the Conditions do not include an Event of Default relating to a change in control of the Bank, investors in the Notes will not be entitled to have their Notes repaid as a result of any such change in control.

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 Turkey in general or the Group in particular. Investors in the Notes should not place any reliance upon the possibility of the Group being supported by any governmental or other entity at any time, including by providing liquidity or helping to maintain the Group's operations during periods of material market volatility. See "Turkish Regulatory Environment - The Savings Deposit Insurance Fund (SDIF)" for information on the limited government-provided insurance for the Bank's deposit obligations.

Risks Relating to the 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 issued with the terms and conditions set out in this Base Prospectus (the "*Conditions*") 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

The Notes present investors with certain risks that are applicable to investments in senior unsecured obligations issued by the Issuer. 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.

Unsecured Obligations – The Notes will constitute unsecured obligations of the Bank

The Bank's obligations under the Notes will (subject to Condition 4) constitute unsecured obligations of the Bank. The ability of the Bank to pay such obligations will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows, which might be affected by (*inter alia*) the circumstances described in these "Risk Factors."

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 Notes prior to their maturity date. This optional redemption feature is likely to limit the market price of an investment in the Notes because, until the end of the period in which the Issuer may elect so to redeem such Notes, the market price of an investment in such 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 interest rate on the Notes being redeemed and might only be able to do so at a significantly lower interest rate (or through taking on a greater credit risk). Reinvestment risk should be an important element of an investor's consideration in investing in the Notes.

Taxation. Unless provided otherwise in the applicable Final Terms, the Issuer will have the right to redeem all (but not some only) of a Series of Notes at any time (including in the case of Floating Rate Notes) at the Early Redemption Amount specified in the applicable Final Terms prior to their maturity date stated in the applicable Final Terms (for each Series, its "*Maturity Date*"), if: (a) as a result of any change in, or amendment to, the laws of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws of a Relevant

Jurisdiction, which change or amendment becomes effective after the date on which agreement is reached to issue the most recently issued Tranche of the relevant Series of Notes (which will, for the avoidance of doubt, be the date on which the applicable Final Terms is signed by the Issuer), on the next Interest Payment Date, the Issuer would be required to: (i) pay Additional Amounts as provided or referred to in Condition 9 and (ii) make any withholding or deduction for, or on account of, any Taxes imposed, assessed or levied by or on behalf of the Relevant Jurisdiction at a rate in excess of the applicable prevailing rates on the date on which agreement is reached to issue the most recently issued Tranche of the relevant Series of Notes, and (b) such requirement cannot be avoided by the Issuer taking reasonable measures available to it. Upon such a redemption, investors in such Series of Notes might not be able to reinvest the amounts received at a rate that will provide an equivalent rate of return as their investment in the redeemed Notes and, in the case of any Floating Rate Notes, the redemption might take place on any day during an Interest Period. See Condition 8.2.

The withholding tax rate on interest payments in respect of certain debt instruments (such as the Notes) issued outside of Turkey by corporations that are tax residents of Turkey varies depending upon the original maturity of such bonds as specified under the Council of Ministers' Decree No. 2009/14592, Decree No. 2009/14593 and Decree No. 2009/14594, each 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, the withholding tax rates are set according to the original maturity of such debt instruments 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.

Issuer Call. If "Issuer Call" is specified as being applicable in the applicable Final Terms, then the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 15 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together (if applicable) with all interest accrued and unpaid to (but excluding) the relevant Optional Redemption Date. To the extent Notes have such an optional redemption feature, the Issuer can be expected to redeem such Notes when its cost of borrowing is lower than the interest rate on such Notes. In addition, in the case of any Floating Rate Notes, redemption might take place on any day during an Interest Period. See Condition 8.3.

Effective Subordination – Claims of Noteholders under the Notes will be effectively subordinated to those of certain other creditors

While Notes issued with the Conditions will rank *pari passu* with all of the Bank's other unsecured and unsubordinated indebtedness, the Notes will be effectively subordinated to the Bank's secured indebtedness and securitisations, if any, to the extent of the value of the assets securing such transactions, and will be subject to certain preferential obligations under Turkish law (including, without limitation, liabilities that are preferred by reason of reserve and/or liquidity requirements required by law to be maintained by the Bank with the Central Bank, claims of individual depositors with the Bank to the extent of any amount that such depositors are not fully able to recover from the SDIF, claims that the SDIF might have against the Bank and claims that the Central Bank might have against the Bank with respect to certain loans made by it to the Bank). In addition: (a) creditors of the Bank benefiting from collateral provided by the Bank will have preferential rights with respect to such collateral (*e.g.*, creditors in a covered bond programme) and (b) creditors of a foreign branch of the Bank might have preferential rights with respect to the assets of such branch. Any such preferential claims might reduce the amount recoverable by the Noteholders on any dissolution, winding up or liquidation of the Bank and might result in an investor in the Notes losing all or some of its investment.

Change of Interest Basis – If a Series of Notes includes a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, then this might affect the secondary market and the market price of an investment in such Notes

Notes may bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis with respect to a Series of Notes, might affect the secondary market and the market price of investments in such Notes as the change of interest basis might result in a lower interest return for investors. Where Notes convert from a fixed rate to a floating rate, the spread on such

Notes might be less favourable than then-prevailing spreads on comparable securities tied to the same reference rate. In addition, the new floating rate at any time might be lower than the rates on other Notes. Where Notes convert from a floating rate to a fixed rate, the fixed rate might be lower than then-prevailing rates on those Notes and might affect the market price of an investment in such Notes.

Settlement Currency – In certain circumstances, investors might need to open a bank account in the Specified Currency of their Notes, payment might be made in a currency other than as elected by a Noteholder or the currency in which payment is made might affect the value of an investment in the Notes or such payment to the relevant Noteholder

In the case of Turkish Lira-denominated Notes held other than through DTC, unless "USD Payment Election" is specified as being applicable in the applicable Final Terms and an election to receive payments in U.S. dollars as provided in Condition 7.8 is made, holders of such Notes would need to have or open (and maintain) a Turkish Lira-denominated bank account, and no assurance can be given that Noteholders will be able to do so either inside or outside of Turkey. For so long as such Notes are in global form, any Noteholder who does not maintain such a bank account will be unable to transfer Turkish Lira funds (whether from payments on, or the proceeds of any sale of, such Notes) from its account at a clearing system to which any such payment is made.

Under Condition 7.8, if the Fiscal Agent receives cleared funds from the Bank in respect of Turkish Lira-denominated Notes held other than through DTC after the relevant time on the Relevant Payment Date, then the Fiscal Agent will use reasonable efforts to pay any U.S. dollar amounts that Noteholders have elected to receive in respect of such funds as soon as reasonably practicable thereafter. If, for illegality or any other reason, it is not possible for the Fiscal Agent to purchase U.S. dollars with any Turkish Lira funds received, then the relevant payments in respect of such Notes will be made in Turkish Lira. As any currency election in respect of any payment to be made under such Turkish Lira-denominated Notes for the purposes of Condition 7.8 is irrevocable: (a) its exercise might (at least temporarily) affect the liquidity of the applicable Notes, (b) a Noteholder would not be permitted to change its election notwithstanding changes in exchange rates or other market conditions and (c) if the Fiscal Agent cannot, for any reason, effect the conversion of the amount paid by the Issuer in Turkish Lira, then Noteholders will receive the relevant amount in Turkish Lira.

For Notes denominated in a Specified Currency other than U.S. dollars that are held through DTC, if a Noteholder wishes to receive payment in such Specified Currency, then it would need to have or open and maintain a bank account in such Specified Currency. Any Noteholder who does not maintain such a bank account will be unable to receive payments on such Notes in the Specified Currency. Absent an affirmative election to receive such payments in the Specified Currency, the Exchange Agent will convert any such payment made by the Issuer in the Specified Currency into U.S. dollars and the holders of such Notes will receive payment in U.S. dollars through DTC's normal procedures. See Condition 7.9.

Noteholders will have no recourse to the Bank, any Agent or any other Person for any reduction in value to the holder of any relevant Notes or any payment made in respect of such Notes as a result of such payment being made in the Specified Currency or in accordance with any currency election made by that holder, including as a result of any foreign exchange rate spreads, conversion fees or commissions resulting from any exchange of such payment into any currency other than the Specified Currency. Such exchange, and any fees and commissions related thereto, or payment made in the Specified Currency might result in a Noteholder receiving an amount that is less than the amount that such Noteholder might have obtained had it received the payment in the Specified Currency and converted such payment in an alternative manner or if payment had been made in accordance with the relevant currency election.

Furthermore, any claim against the Bank that is denominated in a foreign currency would, in the event of 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 applicable laws of Turkey.

Benchmarks Uncertainty – The regulation and reform of "benchmarks" might adversely affect the value of investments in Notes linked to or referencing such "benchmarks"

Certain interest rates and indices that are deemed to be "benchmarks" (including LIBOR, SONIA, SOFR, EURIBOR, TLREF, TRLIBOR, ROBOR, PRIBOR, HIBOR, SIBOR, NIBOR, WIBOR and CNH HIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms might cause such benchmarks to perform differently than in the past,

to disappear entirely or to have other consequences that cannot be predicted. Any such consequences might have a material adverse effect on any Notes linked to or referencing such a "benchmark."

The Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it: (a) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (b) prevents certain uses by EU-supervised entities (as defined in Article 3(1)(17) of the Benchmarks Regulation) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation might have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of such benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes might, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, might increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. Having made a series of prior announcements that the continuation of LIBOR was not guaranteed after 2021, the United Kingdom's Financial Conduct Authority (the "*FCA*") finally announced on 5 March 2021, and the administrator of LIBOR (ICE Benchmark Administration Limited) confirmed, the cessation of publication of all non-USD LIBORs and certain tenors of USD LIBOR after 31 December 2021, though the FCA and ICE Benchmark Administration Limited also announced that the publication of USD LIBOR for the most common tenors (*i.e.*, overnight and one, three, six and 12 months) would be extended through 30 June 2023. As to those continuing tenors, U.S. banking regulators have emphasised, *however*, that, despite any continued publication of USD LIBOR, banks were encouraged to stop entering into new USD LIBOR contracts "as soon as possible" and, in any event, by no later than 31 December 2021. Although the foregoing might provide some expectations, there is no assurance that LIBOR, of any particular currency and tenor, will continue to be published until any particular date.

In addition, European Money Markets Institute, as the registered benchmark administrator of EURIBOR, shifted in 2019 from a quote-based methodology of calculating EURIBOR to a hybrid methodology that is based upon contributions of individual panel banks that submit transaction-based data. As of the date of this Base Prospectus, there is not yet an established market standard for an alternative rate for EURIBOR. On 21 January 2019, the euro risk-free rate working group published a set of guiding principles for fallback provisions in new euro-denominated cash products (including bonds), which guiding principles indicate (inter alia) that continuing to reference EURIBOR in relevant contracts without robust fallback provisions may increase the risk to the eurozone's financial system. On 6 November 2019, the working group on euro risk-free rates published high-level recommendations for alternative rates in contracts for cash products and derivatives transactions that reference EURIBOR without specifically naming the Euro Short-term Rate (referred to as "€STR"), the new risk-free rate that has been published by the ECB since 2 October 2019, as the standard alternative. On 23 November 2020, the working group on euro risk-free rates published consultations on EURIBOR fallback trigger events and €STR-based EURIBOR fallback rates, which consultations are designed to seek the views of market participants as to the events that would trigger a EURIBOR fallback and as to which €STR-based rates would be most appropriate in the event of the application of a fallback to EURIBOR. Feedback on these consultations has not been published as of the date of this Base Prospectus. Based upon current developments in the derivatives markets, it is likely, but by no means certain, that €STR or a term rate of €STR will be the relevant alternative fallback rate for EURIBOR.

It is not possible to predict with certainty whether and to what extent certain benchmarks will be supported going forward. This might cause a benchmark to perform differently than it has done in the past, and might have other consequences that cannot be predicted.

Such factors might have (without limitation) the following effects on certain benchmarks: (a) discouraging market participants from continuing to administer or contribute to a benchmark, (b) triggering changes in the rules or methodologies used in the benchmark and/or (c) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations might have a material adverse effect on the value of and return on any investment in Notes linked to or referencing a benchmark.

Condition 6.7 provides for certain fallback arrangements (the "*benchmark discontinuation provisions*") in the event that LIBOR, SONIA, SOFR, EURIBOR, TLREF, TRLIBOR, ROBOR, PRIBOR, HIBOR, SIBOR, NIBOR, WIBOR, CNH HIBOR or any other relevant benchmark is discontinued or no longer published or a Benchmark Event otherwise occurs, including the possibility that the rate of interest on the applicable Notes could be set by reference to a successor rate or an alternative reference rate and, in either case, as adjusted by reference to an Adjustment Spread or Benchmark Replacement Adjustment, as applicable. With respect to the benchmark rates for Notes (other than Notes that reference USD LIBOR or SOFR for which the applicable Final Terms specify Condition 6.7(II) as being applicable), to the extent that the relevant benchmark is discontinued or no longer published or a Benchmark Event otherwise occurs with respect thereto, and no alternative, successor or replacement reference rate is identified or selected in accordance with the benchmark discontinuation provisions, then the rate of interest on the applicable Notes will be determined by the fallback provisions provided for under Condition 6.2(b); *however*, such provisions, being dependent in part upon the provision by reference banks, might not operate as intended depending upon market circumstances and the availability of interest rate information at the relevant time and might in certain circumstances result in the effective application of a fixed rate based upon the rate that applied in the previous period when any relevant benchmark was available, in effect resulting in such Notes becoming fixed rate notes. Any of these alternative methods might result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on the applicable Notes if any relevant benchmark were available in their current form. Additionally, if any relevant benchmark rate is discontinued or no longer published, then there can be no assurance that the applicable fallback provisions under any related swap agreements would operate so as to ensure that the benchmark rate used to determine payments under any related swap agreements is the same as that used to determine interest payments under the applicable Notes.

Notwithstanding any other provision of the Conditions or the Agency Agreement, the consent or approval of the Noteholders or Couponholders is not required in the case of amendments to the Conditions pursuant to the benchmark discontinuation provisions to vary the method or basis of calculating the rate(s) or amount of interest or the basis for calculating any Interest Amount in respect of the applicable Notes or for any other variation of the Conditions and/or the Agency Agreement required to be made in the circumstances described in the benchmark discontinuation provisions where the Issuer has delivered to the Calculation Agent a certificate in the form and manner required by the benchmark discontinuation provisions. Any such amendment made pursuant to the benchmark discontinuation provisions might have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder or Couponholder, any such amendment will be favourable to each Noteholder or Couponholder.

In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of the Issuer and/or an Independent Adviser in accordance with the benchmark discontinuation provisions, the relevant benchmark discontinuation provisions might not operate as intended at the relevant time. More generally, any of the above matters or any other significant change to the setting or existence of any relevant benchmark might have a material adverse effect on the value or liquidity of, and the amount payable under, the applicable Notes. No assurance may be provided that relevant changes will not be made to LIBOR, SONIA, SOFR, EURIBOR, TLREF, TRLIBOR, ROBOR, PRIBOR, HIBOR, SIBOR, NIBOR, WIBOR, CNH HIBOR or any other relevant benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters and make their own assessment about the potential risks imposed by benchmark reforms and investigations when making their investment decision with respect to the Notes.

Any of the factors above and their consequences might have a material adverse effect on the trading market for, value of and return on, any Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the current uncertainty related to the discontinuation of benchmarks, the benchmark discontinuation provisions set out in Condition 6.7 and the Benchmarks Regulation in making any investment decision with respect to any Notes linked to or referencing a benchmark.

SOFR – The use of SOFR as a benchmark (either initially or as a fallback for LIBOR) is subject to various uncertainties

On 25 April 2019, the Alternative Reference Rates Committee announced its final recommendations for fallback provisions for floating rate notes that set their interest rates based upon USD LIBOR, including the use of SOFR (as defined in Condition 6.7(II)). As SOFR is a new benchmark with limited historical use in the international capital markets, its impact and development are uncertain. These uncertainties include the following:

Term SOFR might not be available by the time USD LIBOR is expected to cease publication. It is possible that "Term SOFR," the first replacement for USD LIBOR under the transition provisions in Condition 6.7(II) following a Benchmark Event and its related Benchmark Replacement Date, will not be available by the time USD LIBOR ceases to be published (currently expected to occur in June 2023). If USD LIBOR ceases to be published before the last interest rate reset date for a Series of USD LIBOR-based Floating Rate Notes, then such Series will, most likely, use "SOFR" as the replacement for USD LIBOR. If Term SOFR were to begin being published thereafter, then the interest rate for such Series will continue to be calculated based upon SOFR even if Term SOFR were to be a more favourable rate for investors in such Series.

The composition and characteristics of SOFR are not the same as those of USD LIBOR and there is no guarantee that SOFR is a comparable substitute for USD LIBOR. The composition and characteristics of SOFR are not the same as those of USD LIBOR. SOFR is a broad U.S. Treasury "repo" financing rate that represents overnight secured funding transactions, which means that SOFR is fundamentally different from USD LIBOR in at least two key manners. Firstly, SOFR is a secured rate while USD LIBOR is an unsecured rate. Secondly, SOFR is an overnight rate while USD LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that SOFR will perform in the same way as USD LIBOR would have at any time, including (without limitation) as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, regulatory, judicial or other events. For example, since publication of SOFR began in April 2018, changes in SOFR have, on occasion, been more volatile than changes in comparable benchmark or other market rates (including USD LIBOR).

Because SOFR is published by the Federal Reserve Bank of New York, as administrator of SOFR, based upon data received from other sources, the Issuer has no control over its determination, calculation or publication; in addition, there can be no assurance that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in SOFR-linked Floating Rate Notes. If the provisions of Condition 6.7(II) applies to a Series of USD LIBOR Floating Rate Notes, then, if a Benchmark Event and its related Benchmark Replacement Date occur with respect to USD LIBOR, the rate of interest on such Notes will be determined based upon SOFR (unless a Benchmark Event and its related Benchmark Replacement Date also occur with respect to SOFR, in which case the rate of interest will be based upon the next-available replacement rate). In the following discussion of SOFR, references to SOFR-linked securities mean the USD LIBOR Floating Rate Notes at any time when the rate of interest on such Notes is or will be determined based upon SOFR.

SOFR is published by the Federal Reserve Bank of New York (the "*FRBNY*") and is intended to be a broad measure of the cost of borrowing cash overnight collateralised by U.S. Treasury securities. The FRBNY reports that SOFR includes all trades in the "Broad General Collateral Rate" plus bilateral U.S. Treasury "repo" transactions cleared through the delivery-versus-payment service offered by the Fixed Income Clearing Corporation (the "*FICC*"), a subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). SOFR is filtered by the FRBNY to remove a portion of the foregoing transactions considered to be "specials." According to the FRBNY, "specials" are repos for specific-issue collateral that take place at cash-lending rates below those for general collateral repos because cash providers are willing to accept a lesser return on their cash in order to obtain a particular security.

The FRBNY reports that SOFR is calculated as a volume-weighted median of transaction-level tri-party repo data collected from The Bank of New York Mellon, which currently acts as the clearing bank for the tri-party repo market, as well as "General Collateral Finance Repo" transaction data and data on bilateral U.S. Treasury repo transactions cleared through the FICC's delivery-versus-payment service. The FRBNY notes that it obtains information from DTCC Solutions LLC, an affiliate of DTCC.

The FRBNY currently publishes SOFR on each of its business days on its website at https://apps.newyorkfed.org/markets/autorates/sofr. The FRBNY states on its publication page for SOFR that use of SOFR is subject to important disclaimers, limitations and indemnification obligations, including that the FRBNY (or a successor), as administrator of SOFR, may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice.

Because SOFR is published by the FRBNY based upon data received from other sources, the Issuer has no control over its determination, calculation or publication. In addition, there can be no assurance that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in SOFR-

linked securities. If the manner in which SOFR is calculated is changed, then such change might result in a reduction of the amount of interest payable on SOFR-linked securities, which might adversely affect the market price of an investment in such SOFR-linked securities.

As noted above, the FRBNY started publishing SOFR in April 2018, and the SOFR Index began on 2 March 2020, and, therefore, each has a very limited history. The FRBNY also publishes historical indicative SOFRs dating back to 2014, but the future performance of SOFR cannot be predicted based upon historical performance. Such historical indicative data inherently involves assumptions, estimates and approximations. Investors should not rely upon such historical indicative data or upon any historical changes or trends in SOFR as an indicator of the future performance of SOFR. Since the initial publication of SOFR, changes in SOFR have, on occasion, been more volatile than changes in comparable benchmark or other market rates (including USD LIBOR) and SOFR over the term of any Series of SOFR-linked Floating Rate Notes might bear little or no relation to the historical actual or historical indicative data. In addition, the return on and value of SOFR-linked securities might fluctuate more than floating rate debt securities that are linked to less volatile rates. Changes in the levels of SOFR will affect Compounded SOFR and the SOFR Index and, therefore, the return on any related SOFR-linked Notes and the trading price of such Notes but it is impossible to predict whether such levels will rise or fall. Furthermore, there can be no assurance that Compounded SOFR or SOFR will be positive.

SOFR might fail to gain market acceptance. SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to USD LIBOR in part because it is considered representative of general funding conditions in the overnight U.S. Treasury repo market; *however*, as a rate based upon transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. This might mean that market participants would not consider SOFR a suitable substitute or successor for all of the purposes for which USD LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which might, in turn, lessen market acceptance of SOFR. Investors should be aware that the market continues to develop in relation to risk free rates (such as SOFR) as reference rates in the capital markets. The use of the SOFR Index or the specific formula for the Compounded SOFR rate used in any relevant Notes might not be widely adopted by other market participants, if at all. If the market adopts a different calculation method, then that might adversely affect the market value of investments in any SOFR-linked Notes.

In addition, an established trading market for SOFR-linked securities might never develop or, if developed, might not be very liquid. Market terms for debt securities that are linked to SOFR, such as the spread over the base rate reflected in the interest rate provisions, might evolve over time and, as a result, the market price of an investment in SOFR-linked securities might be lower than those of later-issued debt securities that are linked to SOFR. Similarly, if SOFR does not prove to be widely used in debt securities that are similar or comparable to the Notes, then the market price of an investment in SOFR-linked Floating Rate Notes might be lower than that of debt securities that are linked to rates that are more widely used. An investor in SOFR-linked Notes might not be able to sell their investment in such Notes at all or at a price that will provide such investor a yield comparable to similar investments that have a developed secondary market and, thus, such investor might suffer from increased pricing volatility and market risk with respect to its investment in such Notes.

The calculation of interest might not accurately reflect an investor's cost of funding. The interest payable on any Floating Rate Notes for which the Reference Rate is specified in the applicable Final Terms as SOFR Index will be based upon Compounded SOFR, which is calculated using the SOFR Index published by the FRBNY according to the specific formula described under Condition 6.2(b)(v), not the SOFR rate published on or in respect of a particular date during any Interest Period or an arithmetic average of SOFR rates during such period. For this and other reasons, the interest rate on any such Notes during any Interest Period will not necessarily be the same as the interest rate on other SOFR-linked investments that use an alternative basis to determine the applicable interest rate. Furthermore, if the SOFR rate in respect of a particular date during an Interest Period is negative, then its contribution to the SOFR Index will be less than one, resulting in a reduction to Compounded SOFR used to calculate the interest payable on the relevant Notes on the Interest Payment Date for such Interest Period.

Under Condition 6.7(II), if a particular replacement rate cannot be determined for Floating Rate Notes linked to USD LIBOR or SOFR for which the applicable Final Terms specify Condition 6.7(II) as being applicable, then the next-available replacement rate will apply. In addition, such Condition expressly authorises the Issuer to

make certain adjustments to the replacement rate as are necessary to reflect the adoption of the replacement rate, substantially consistent with market practice, without the consent or approval of the Noteholders. The application of these adjustments might result in adverse consequences to the amount of interest payable on such Notes, which might adversely affect the return on, value of and/or market for an investment in such Notes.

Furthermore, interest on SOFR-linked Floating Rate Notes is only capable of being determined at the end of the relevant Interest Period and immediately or shortly prior to the relevant Interest Payment Date. It might be difficult for investors in SOFR-linked Floating Rate Notes to estimate reliably the amount of interest that will be payable on such securities, and some investors might be unable or unwilling to trade such securities without changes to their information technology systems, both of which might adversely impact the liquidity of such securities. This same lack of advanced notice of the amount of an interest payment would also apply upon an acceleration after an Event of Default.

The SOFR Index Benchmark Replacement is uncertain and any replacement is likely to be a relatively new market index. If the Reference Rate is specified in the applicable Final Terms as SOFR Index and the Issuer determines that a Benchmark Event for SOFR and its related Benchmark Replacement Date have occurred before the Reference Time in respect of any determination of the applicable Benchmark on any date, then the Issuer will determine a Benchmark Replacement in accordance with the benchmark transition provisions described in Condition 6.7(II). After such an event, interest on the relevant Notes will no longer be determined by reference to the applicable Benchmark but instead will be determined by reference to the applicable Benchmark Replacement.

The determination of a Benchmark Replacement, the calculation of the interest rate on the relevant Notes by reference to a Benchmark Replacement (including the application of a Benchmark Replacement Adjustment), any implementation of Benchmark Replacement Conforming Changes and any other determinations, decisions or elections that may be made under the terms of such Notes in connection with a Benchmark Event for SOFR might adversely affect the return on, value of and/or market for an investment in such Notes. Any Benchmark Replacement will likely be a relatively new market index and might itself be thereafter altered or discontinued.

The SOFR Index may be modified or discontinued and Floating Rate Notes for which the Reference Rate is specified in the applicable Final Terms as SOFR Index might bear interest by reference to a rate other than Compounded SOFR, which might adversely affect the value of an investment in any such Notes. The SOFR Index is published by the FRBNY based upon data received by it from sources other than the Issuer and the Issuer has no control over the methods of calculation, publication schedule, rate revision practices or availability of the SOFR Index. There can be no assurance, particularly given its relatively recent introduction, that the SOFR Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in any relevant Notes.

If the manner in which the SOFR Index is calculated, including the manner in which SOFR is calculated, is changed, then that change might result in a reduction in the amount of interest payable on any relevant Notes and/or the value of and/or market for an investment in such Notes. In addition, the FRBNY may withdraw, modify or amend the published SOFR Index or SOFR data in its sole discretion and without notice. The interest rate for any Interest Period will not be adjusted for any modifications or amendments to the SOFR Index or SOFR data that the FRBNY may publish after the interest rate for that Interest Period has been determined.

SONIA – The market continues to develop in relation to SONIA as a reference rate for Floating Rate Notes

Where the applicable Final Terms for a Tranche of Notes specifies that the interest rate for such Notes will be determined by reference to the Sterling Overnight Index Average ("*SONIA*"), interest will be determined on the basis of Compounded Daily SONIA (as defined in Condition 6.2(b)(iii)) by the Calculation Agent or, if the Calculation Method is specified as being "Compounded Index Rate," by reference to the SONIA Compounded Index. Compounded Daily SONIA differs from sterling LIBOR in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas sterling LIBOR is expressed on the basis of a forward-looking term and includes a credit risk-element based upon inter-bank lending. As such, investors should be aware that sterling LIBOR and SONIA might behave materially differently as interest reference rates for Notes. The use of SONIA as a reference rate for debt instruments is nascent, and is subject to change and development, both in terms of the substance

of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA.

Accordingly, prospective investors in any Notes referencing Compounded Daily SONIA should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to sterling LIBOR. For example, the SONIA Compounded Index has not been published until August 2020 and, accordingly, the Compounded Daily SONIA derived from the SONIA Compounded Index is not a rate commonly used in the market for calculating interest rates (including, pre-August 2020, floating rate notes that reference SONIA). In the context of backwards-looking SONIA rates, market participants and relevant working groups are, as of the date of this Base Prospectus, assessing the differences between compounded rates and weighted average rates, and such groups (including ICE Benchmark Administration Limited and Refinitiv) have developed, and other groups (such as FTSE Russell) are continuing to develop, forward-looking 'term' SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term by reference, primarily, to SONIA Overnight Index Swap quotes provided in interdealer central limit order books and, where such data is unavailable, subject to a waterfall of alternative data). The adoption of SONIA might, accordingly, see component inputs into swap rates or other composite rates transferring from sterling LIBOR or another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in Condition 6.2(b)(iii) as applicable to Notes referencing a SONIA rate. In addition, the Issuer may in the future issue Notes referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA-referenced Notes issued by it. The nascent development of Compounded Daily SONIA as an interest reference rate for the capital markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, might result in reduced liquidity or increased volatility or might otherwise affect the market price of any SONIA-referenced Notes from time to time.

Furthermore, interest on Notes that reference Compounded Daily SONIA is only capable of being determined immediately or shortly prior to the relevant Interest Payment Date. It might be difficult for investors in Notes that reference Compounded Daily SONIA to estimate reliably the amount of interest that will be payable on such Notes, and some investors might be unable or unwilling to trade such Notes without changes to their information technology systems, both of which might adversely impact the liquidity of such Notes. Further, in contrast to LIBOR-based Notes, if Notes referencing Compounded Daily SONIA become due and payable as a result of an Event of Default under Condition 11, or are otherwise redeemed early on a date other than an Interest Payment Date, then the rate of interest payable for the final Interest Period in respect of such Notes shall only be determined immediately or shortly prior to the date on which such Notes become due and payable.

In addition, the manner of adoption or application of SONIA reference rates in the eurobond market might differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets might impact any hedging or other financial arrangements that they might put in place in connection with any acquisition, holding or disposal of investments in Notes referencing Compounded Daily SONIA.

As SONIA and the SONIA Compounded Index are published by the Bank of England based upon data from other sources, the Issuer has no control over their determination, calculation or publication. There can be no guarantee that SONIA and the SONIA Compounded Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in floating rate Notes that reference SONIA. If the manner in which SONIA and/or the SONIA Compounded Index is calculated is changed, then that change might result in a reduction of the amount of interest payable on the relevant Notes and the trading prices of investments in such Notes. Furthermore, to the extent the SONIA Compounded Index is no longer published, the applicable rate to be used to calculate the Rate of Interest on floating rate Notes will be determined using the alternative methods described in Condition 6.2(b)(iii). Such alternative methods might result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on such Notes if SONIA and/or the SONIA Compounded Index had been provided by the Bank of England in its current form. In addition, the use of such alternative methods might also result in a fixed rate of interest being applied to the relevant Notes.

Since SONIA is a relatively new market index, Floating Rate Notes that reference SONIA might have no established trading market when issued and an established trading market might never develop or might not be very liquid. Market terms for debt securities indexed to SONIA, such as the spread over the index reflected in interest rate provisions, might evolve

over time and, as a result, the market price of an investment in SONIA-linked securities might be lower than those of later-issued debt securities that are linked to SONIA. Similarly, if SONIA does not prove to be widely used in debt securities that are similar or comparable to the Notes, then the market price of an investment in SONIA-linked Floating Rate Notes might be lower than that of debt securities that are linked to rates that are more widely used. An investor in SONIA-linked Notes might not be able to sell their investment in such Notes at all or at a price that will provide such investor a yield comparable to similar investments that have a developed secondary market and, thus, such investor might suffer from increased from increased pricing volatility and market risk with respect to its investment in such Notes.

Accordingly, an investment in Floating Rate Notes that reference SONIA entails significant risks not associated with similar investments in conventional debt securities. Any investor should ensure that it understands the nature of the terms of such Notes and the extent of its exposure to risk and that it considers the suitability of such Notes as an investment in the light of its own circumstances and financial condition. An investor should consult its own professional advisers about the risks associated with investment in Notes that reference SONIA and the suitability of investing in such Notes in light of its particular circumstances.

Risks Relating to Notes Denominated in Renminbi

Notes may be denominated in Renminbi ("*Renminbi Notes*"). An investment in Renminbi Notes involves particular risks, including:

Renminbi Convertibility – Renminbi is not completely freely convertible, there are significant restrictions on remittance of Renminbi into and outside the PRC and the liquidity of investments in Renminbi Notes is subject to such restrictions

Renminbi is not completely freely convertible as of the date of this Base Prospectus. The government of the PRC (the "*PRC Government*") continues to regulate conversion between Renminbi and foreign currencies despite significant reduction in the control by the PRC Government in recent years over trade transactions involving the import and export of goods and services and other frequent routine foreign exchange transactions. These transactions are known as current account items. Remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are (as of the date of this Base Prospectus) being developed.

Although Renminbi was, as of 1 October 2016, added to the Special Drawing Rights basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China (the "*PBoC*") in 2021, there is no assurance that the PRC Government will continue to liberalise control over cross-border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated that have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this might affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes.

Renminbi Availability – There is only limited availability of Renminbi outside the PRC, which might affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. As of the date of this Base Prospectus, licensed banks in Singapore and Hong Kong may offer limited Renminbi-denominated banking services to Singapore residents, Hong Kong residents and specified business customers. While the PBoC has entered into agreements on the clearing of Renminbi business (the "*Settlement Agreements*") with financial institutions in a number of financial centres and cities (the "*RMB Clearing Banks*") including, but not limited to, Hong Kong, and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. In addition, Renminbi business

participating banks do not have direct Renminbi liquidity support from the PBoC. The relevant RMB Clearing Bank only has access to onshore liquidity support from the PBoC for the purpose of settling open positions of participating banks for limited types of transactions. The relevant RMB Clearing Bank is not obliged to settle for participating banks any open positions resulting from other foreign exchange transactions or conversion services. Where onshore liquidity support from the PBoC is not available, the participating banks will need to source Renminbi from outside the PRC to settle such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended so as to have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC might affect the liquidity of investments in the Renminbi Notes. To the extent that the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source Renminbi on satisfactory terms, if at all.

Although the Issuer's primary obligation is to make all payments with respect to Renminbi Notes in Renminbi, where "RMB Currency Event" is specified as being applicable in the applicable Final Terms, in the event access to Renminbi becomes restricted to the extent that, by reason of RMB Inconvertibility, RMB Non-Transferability or RMB Illiquidity (each as defined in Condition 7.11), the Issuer is unable to make any payment in respect of the Renminbi Note in Renminbi, the terms of such Renminbi Notes will permit the Issuer to make payment in U.S. dollars converted at the Spot Rate, all as provided in Condition 7.11. The value of these Renminbi payments in U.S. dollar terms might vary with the prevailing exchange rates in the market.

Renminbi Exchange Rate Risks – An investment in Renminbi Notes is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. On 11 December 2015, the China Foreign Exchange Trade System (the "*CFETS*"), a sub-institutional organisation of the PBoC, published the CFETS Renminbi exchange rate index for the first time, which index weighs the Renminbi based upon 13 currencies, to guide the market in order to measure the Renminbi exchange rate. This change, and others that might be implemented, might increase the volatility in the value of the Renminbi against other currencies. All payments of interest and principal with respect to Renminbi Notes will be made in Renminbi unless "RMB Currency Event" is specified as being applicable in the applicable Final Terms, and a RMB Currency Event occurs, in which case payment will be made in U.S. dollars converted at the Spot Rate. As a result, the value of these Renminbi payments in U.S. dollars or other foreign currency terms might vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other applicable foreign currencies, then the value of any investment in Renminbi Notes in terms of the U.S. dollar or other applicable foreign currency will decline.

Renminbi Interest Rate Risk – An investment in fixed rate Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation might increase interest rate volatility. If a Series of Renminbi Notes carries a fixed interest rate, then the trading price of an investment in such Renminbi Notes will vary with fluctuations in Renminbi interest rates. If an investor in Renminbi Notes tries to sell such investment, then they might receive an offer that is less than the amount invested.

Renminbi Payment Mechanics – Payments in respect of Renminbi Notes will be made to investors in the manner specified in the Conditions

Investors might be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong or such other RMB Settlement Centre(s) as may be specified in the applicable Final Terms. All Renminbi payments to investors in respect of the Renminbi Notes will be made solely: (a) for so long as the Renminbi Notes are represented by Global Notes held with a common depositary (a "*Common Depositary*") or common safekeeper (a "*Common Safekeeper*"), as the case may be, for Euroclear Bank SA/NV ("*Euroclear*") and Clearstream Banking S.A. ("*Clearstream, Luxembourg*" and, with Euroclear and DTC, the "*Clearing Systems*") or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or any such other RMB Settlement Centre(s) in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures or the rules and procedures of such alternative clearing system, or (b) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank

account maintained in Hong Kong or such other RMB Settlement Centre(s) in accordance with prevailing rules and regulations. Other than as described in Condition 7.11, the Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

PRC Tax Consequences – There might be PRC tax consequences with respect to investment in the Renminbi Notes

In considering whether to invest in the Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situation, as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Noteholder's investment in the Renminbi Notes might be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

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 generally will have no established trading market when issued and 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. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. 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 operating results, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and 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 Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the interest rate paid on such Fixed Rate Notes, then this will adversely affect the market price of an investment in such Fixed Rate Notes, and (b) investment in any Notes involves the risk of adverse changes in the market price of an investment in such Notes if the interest rate or (for Floating Rate Notes) margin 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 applicable Series

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 in a Series holding defined percentages of the Notes of such Series to bind all investors in the Notes of

such Series, 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. As a result, decisions might be taken by the holders of such defined percentages of the Notes of a Series that are contrary to the preferences of any particular investor in such Series.

In addition, the consent or approval of the Noteholders or the Couponholders is not required in the case of amendments to the Conditions pursuant to the benchmark discontinuation provisions described above under "-Benchmarks Uncertainty" to vary the method or basis of calculating the rate(s) or amount of interest or the basis for calculating any Interest Amount in respect of the Notes or for any other variation of the Conditions and/or the Agency Agreement required to be made in the circumstances described in the benchmark discontinuation provisions.

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

As permitted by the Conditions, the Issuer may from time to time without the consent of the Noteholders of a Series create and issue further Notes of such Series; *provided* that (among other conditions) such further Notes will be fungible with the outstanding Notes of such Series for U.S. federal income tax purposes as a result of their issuance being a "qualified reopening" under U.S. Treasury Regulation §1.1275-2(k) unless the original Notes were, and such further Notes are, offered and sold by (or on behalf of) the Issuer solely in reliance upon Regulation S in offshore transactions to Persons other than U.S. persons. To the extent that the Issuer issues further Notes of a Series, the share of an existing Noteholder of such Series (*e.g.*, in respect of any meeting of holders of the Notes of that Series (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 Notes 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 Turkey, the Notes have not been and are not expected to be registered: (a) under the Securities Act or any applicable state's or other jurisdiction's securities laws or (b) other than by the Central Bank of Ireland as described herein, with the SEC or any other applicable state's or other jurisdiction's regulatory authorities. The offering of the Notes (or beneficial interests therein) will be made pursuant to exemptions from the registration requirements of the Securities Act and in compliance with other securities laws. Accordingly, reoffers, resales, pledges and other transfers of investments in the Notes will be subject to certain transfer restrictions. Each investor is advised to consult its legal advisers in connection with any such reoffer, resale, pledge or other transfer. See "Transfer and Selling Restrictions."

Because transfers of interests in the Global Notes 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 Notes 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 Turkey (specifically, under the Banking Law). Certain of the directors and officers of the Bank reside inside Turkey 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 Turkey. As a result, it might not be possible for investors in the Notes to effect service of process upon such persons outside Turkey or to enforce against them in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the applicable laws of such other jurisdictions.

In addition, under Turkey's International Private and Procedure Law (Law No. 5718), a judgment of a court established in a country other than Turkey might not be enforced in Turkish courts in certain circumstances. There is no treaty between the United Kingdom and Turkey providing for reciprocal enforcement of judgments; *however*, Turkish courts have rendered at least one judgment confirming *de facto* reciprocity between the United Kingdom and Turkey 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 United Kingdom 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 Turkey or in administrative practice in those jurisdictions

The Conditions are based upon the applicable laws of England and Turkey and administrative practice in effect as of the date of this Base Prospectus, and having regard to the expected tax treatment of all relevant entities under such applicable laws and practice. No assurance can be given as to the impact of any possible judicial decision or change to the applicable laws of England or Turkey (or the applicable 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 Turkey after the date of this Base Prospectus, nor can any assurance be given as to whether any such change might materially adversely affect the ability of the Issuer to make payments under the Notes or the value or market price of an investment in the Notes.

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

In relation to any issue of Bearer Global Notes or Registered Global Notes (each a "*Global Note*") and 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 such Global Notes 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 Note in respect of such holding (should Definitive Notes replace the applicable Global Note) 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 Notes are issued, then the holders thereof should be aware that Definitive Notes 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 Notes 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 Note(s) that will be: (a) deposited with and (if issued in registered form) registered in the name of a nominee for a Common Depositary or a Common Safekeeper, as the case may be, for Euroclear and/or Clearstream, Luxembourg or (b) deposited with and registered in the name of a nominee for DTC. Except in the circumstances described in the applicable Global Note and Final Terms, investors in a Global Note 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 Note held through it. While Notes are represented by a Global Note, investors will be able to trade their beneficial interests therein only through the relevant Clearing Systems and their respective direct and indirect participants.

Except in certain circumstances described in Condition 7.9 with respect to non-U.S. dollar payments for Global Notes for which DTC is the Clearing System, for so long as the Notes are represented by Global Notes, 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 Note must rely upon the procedures of the relevant Clearing System and its participants to receive payments in respect of their interests in such Global Note. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note 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: (a) in a Global Note 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 (b) in a Global Note for which DTC is the clearing system will be subject to the applicable procedures of DTC and might not have a direct right to take enforcement action against the Issuer in the event of a default under the relevant Note.

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

OFAC administers regulations that restrict the ability of U.S. persons to invest in, or otherwise engage in business with, certain countries, including Iran and Syria, and specially designated nationals ("*SDNs*"), and other United States, United Kingdom, EU and United Nations rules impose similar restrictions (the SDNs and other targets of these restrictions being together the "*Sanction Targets*"). As the Bank is not a Sanction Target, these rules do not prohibit U.S. or European investors from investing in, or otherwise engaging in business with, the Bank; *however*, while the Group's current policy is not to engage in any impermissible business with Sanction Targets, to the extent that the Group invests in, or otherwise engages in business with, Sanction Targets directly or indirectly, investors in the Notes might incur the risk of indirect contact with Sanction Targets. In addition, there can be no assurance that current counterparties of the Group will not become Sanction Targets in the future. See "The Group and its Business – Anti-Money Laundering and Combating the Financing of Terrorism" and "The Group and its Business – Compliance with Sanctions Laws."

Exchange Rate Risks and Exchange Controls – If an investor has investments in Notes that are not denominated in the 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 any Notes might result in an investor not receiving payments on those Notes

Except as described otherwise herein, the Issuer will pay principal and interest on the Notes in the Specified Currency, 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 the Specified Currency. These include the risk that exchange rates might significantly change (including changes due to devaluation of the Specified Currency 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 the Specified Currency 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 the applicable Specified Currency. An investor might also not be able to convert (at a reasonable exchange rate or at all) amounts received in the applicable Specified Currency 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 any Notes might not reflect all risks associated with an investment in those Notes and might be lowered, suspended or withdrawn

The expected initial credit rating(s) (if any) of a Tranche of Notes will be set out in the Final Terms for such Tranche. Any relevant rating agency may lower, suspend or withdraw its rating if, in its sole judgment, the credit quality of the applicable Notes has declined or is in question. If any credit rating assigned to a Series is lowered, suspended or withdrawn, then the market price of an investment in the applicable Notes might decline. Neither any rating agency nor the Issuer has any obligation to maintain any such rating(s) during the life of any Series, including from any particular Rating Agency.

In addition to the ratings of the Programme and/or a Series of Notes provided by Moody's and Fitch, and the ratings of the Issuer by the Rating Agencies, one or more other independent credit rating agency(ies) might assign credit ratings to the Programme, a Series of Notes and/or the Issuer, which additional credit ratings of other independent credit rating agency(ies) might be lower than the current ratings of the Notes and the Issuer. Also, if any credit rating assigned to Turkey and/or QNB is lowered or put on negative watch, then such change might have a negative impact on the Issuer's credit rating. In addition, the 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.

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 ratings on different types of securities do not necessarily mean the same thing. Ratings on any Notes also do not address the marketability of investments in such Notes or any market price. Any change in the credit ratings of any Notes or the Bank might adversely affect the price that a subsequent purchaser will be willing to pay for investments in such Notes. The significance of each rating should be analysed independently from any other rating.

USE OF PROCEEDS

The Bank will incur various expenses in connection with the issuance of each Tranche of the Notes, including (as applicable) underwriting fees, legal counsel fees, rating agency expenses and listing expenses. The net proceeds from each issue of Notes (the estimated amount of which net proceeds will, for each Series listed on a regulated market in the EEA, be set out in the applicable Final Terms) will be applied by the Bank for its general corporate purposes; *however*, for any particular Series, the Bank may agree (and so specify in the Final Terms for the Tranche(s) of such Series) with the relevant Dealer(s) or investor(s) that the proceeds of the issuance of the applicable Notes shall be used for one or more specific purpose(s). The use of proceeds, if any, provided in the Final Terms for each Tranche in a Series with more than one Tranche shall be the same.

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 Annual Financial Statements without material adjustment. The information in this section should be read in conjunction with the information contained in the relevant BRSA Financial Statements (including the notes therein) incorporated by reference herein.

	2018	2019	2020
Income Statement Data:		*(TL thousands)*	
Interest income	17,184,574	19,151,624	17,715,908
Interest expense	(9,306,793)	(11,311,525)	(7,440,458)
Net interest income	**7,877,781**	**7,840,099**	**10,275,450**
Fees and commissions received	2,799,449	3,508,712	3,172,963
Fees and commissions paid	(547,312)	(685,172)	(571,921)
Net fees and commissions income	**2,252,137**	**2,823,540**	**2,601,042**
Net trading income	(1,222,167)	(1,340,686)	(2,558,740)
Other operating income	75,007	146,658	82,214
Dividend income	5,716	2,934	5,257
Net operating income	**8,988,474**	**9,472,545**	**10,405,223**
Other operating expenses	(3,531,026)	(4,153,873)	(4,592,804)
Provision for loan losses and other receivables	(2,231,296)	(1,918,759)	(2,529,981)
Gain/loss on equity method	44,789	89,429	98,258
Profit before taxes	**3,270,941**	**3,489,342**	**3,380,696**
Tax charge	(697,736)	(624,702)	(626,069)
Net profit/(loss)	**2,573,205**	**2,864,640**	**2,754,627**

	As of 31 December		
	2018	**2019**	**2020**
Balance Sheet Data:		*(TL thousands)*	
Cash and balances with the Central Bank	18,511,443	18,750,542	27,406,461
Financial assets measured at fair value through profit or loss (net)	9,632,785	6,959,703	8,451,846
Banks	1,242,052	1,103,135	1,515,756
Money market placements	509,711	3,225,937	752,392
Loans and receivables	100,376,591	116,662,040	146,332,590
Investment securities (net)[(1)]	21,377,966	28,515,548	33,923,314
Investment in equity participations (net)[(2)]	186,645	217,648	237,920
Tangible assets (net)	2,869,000	3,387,235	3,489,185
Intangible assets (net)	411,200	453,366	520,715
Current tax asset	77,001	6,248	29,628
Deferred tax assets	618,081	445,244	1,034,082
Other assets	7,687,759	7,799,539	11,325,832
Total assets	**163,500,234**	**187,526,186**	**235,019,721**
Bank deposits	3,677,585	5,406,361	4,583,344
Deposits from customers[(3)]	83,148,631	100,093,892	125,691,512
Money market borrowings	5,333,672	9,148,935	14,994,670
Funds borrowed	20,552,233	19,419,317	25,896,890
Other liabilities and provisions[(4)]	19,358,629	16,694,863	22,106,083
Securities issued (net)	11,850,077	14,351,547	14,723,958
Subordinated loans	4,816,098	5,432,553	6,704,294
Current tax liabilities	159,866	213,410	1,077,742
Deferred tax liabilities	—	—	—
Total liabilities	**148,896,791**	**170,760,878**	**215,778,493**
Paid-in capital	3,350,000	3,350,000	3,350,000
Share premium	714	714	714
Investment securities reserve, net of tax	(8,662)	(835,542)	(1,079,025)
Net gains (losses) on cash flow hedges	(99,178)	24,927	(111,564)
Other capital reserves	—	—	—
Profit reserves	8,781,070	11,353,778	14,217,872
Profit / (loss)	2,572,708	2,864,094	2,855,050
Total equity attributable to equityholders of the parent shareholder	**14,596,652**	**16,757,971**	**19,233,047**
Minority shares	6,791	7,337	8,181
Total shareholders' equity	**14,603,443**	**16,765,308**	**19,241,228**
Total liabilities and shareholders' equity	**163,500,234**	**187,526,186**	**235,019,721**
Off-balance sheet commitments and contingencies	**91,379,394**	**117,309,527**	**145,430,295**

(1) Represents the total of investment securities measured at fair value through other comprehensive income (net) and investment securities measured at amortised cost (net).
(2) Represents the total of investment in associates (net), investment in subsidiaries (net) and entities under common control (joint ventures) (net).
(3) Referred to as "other deposits" in the BRSA Financial Statements.
(4) Represents the total of derivative financial liabilities for hedging purposes, derivative financial liabilities for trading, provisions and other liabilities.

The following table includes certain of the Group's key ratios as of and for the years ended 31 December 2018, 2019 and 2020. The basis for calculation of ratios that are non-GAAP financial measures is set out in the notes below. 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. See "Presentation of Financial and Other Information."

Key Ratios:	As of (or for the year ended) 31 December		
	2018	2019	2020
Profitability Ratios:			
Net interest margin[(1)]	6.5%	5.6%	6.1%
Other operating expenses as a % of total average assets[(2)]	2.3%	2.3%	2.1%
Cost-to-income ratio[(3)]	39.3%	43.9%	44.1%
Return on average total assets[(4)]	1.6%	1.6%	1.3%
Return on average shareholders' equity[(5)]	19.0%	18.4%	15.8%
Balance Sheet Ratios:			
Deposits to total assets (total deposits including bank deposits)	53.1%	56.3%	55.4%
Total loans (net of provisions) to total assets[(6)]	61.4%	62.2%	62.3%
Credit Quality:			
Non-performing loans to total gross cash loans	6.1%	7.0%	6.0%
Specific provisions for loan losses to non-performing loans	74.6%	70.8%	74.9%
Specific provisions for loan losses to total loans	4.9%	5.3%	4.9%
Capital Adequacy:			
Tier 1 regulatory capital/risk-weighted assets and market risk[(7)]	11.2%	12.7%	13.1%
Total regulatory capital/risk-weighted assets and market risk[(7)]	14.8%	15.2%	15.8%
Average shareholders' equity excluding minority interest/average total assets[(8)]	8.7%	8.8%	8.0%
Other Information:			
Average employees during the period	13,153	13,498	12,973
Branches at period end (Bank-only)	542	525	475
Inflation rate/GDP			
Producer price index inflation[(9)]	33.6%	7.4%	25.2%
Gross Domestic Product (% change) [(10)]	2.6%	0.9%	1.8%
TL/US$ Exchange Rate:			
Period end	5.2609	5.9402	7.3405

(1) Represents net interest income *divided by* average interest earning assets. Average interest earning assets are computed by taking the average of the quarter-end balances of the Bank's available-for-sale investment securities (net), investment securities held to maturity (net), financial assets measured at fair value through profit or loss (net), money market placements, loans and receivables, leasing receivables (net) and factoring receivables.
(2) Represents other operating expenses *divided by* average total assets. Average total assets are computed by calculating the average of the quarter-end balances during the relevant reporting period.
(3) Represents other operating expenses *divided by* net operating income.
(4) Represents net profit *minus* minority shares of net profit as a percentage of average total assets. Average total assets are computed by calculating the average of the quarter-end balances during the relevant reporting period.
(5) Represents the Group's net profit *minus* minority shares of net profit *divided by* average shareholders' equity excluding minority shares. Average shareholders' equity excluding minority shares is computed by calculating the average of the quarter-end balances during the relevant reporting period.
(6) Represents total loans *divided by* total assets.
(7) Capital adequacy ratios calculated in accordance with BRSA guidelines.
(8) Represents the average total equity attributable to equity holders of the Bank as a percentage of average total assets. Average total assets is computed by taking the average of the quarter-end balances during the relevant reporting period.
(9) Base year –2003.
(10) Represents the growth of GDP.

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 without material adjustment. This table should be read in conjunction with the Group's BRSA Financial Statements (including the notes therein) incorporated by reference into this Base Prospectus.

	As of 31 December		
	2018	**2019**	**2020**
		(TL thousands)	
Paid-in capital	3,350,000	3,350,000	3,350,000
Share premium	714	714	714
Available-for-sale investments reserve, net of tax	(8,662)	(835,542)	(1,079,025)
Net gains (losses) on cash flow hedges	(99,178)	24,927	(111,564)
Minority shares	6,791	7,337	8,181
Reserves and retained earnings	11,353,778	14,217,872	17,072,922
Total equity	**14,603,443**	**16,765,308**	**19,233,047**
Funds borrowed (medium/long-term)[(1) (2)]	21,055,637	18,900,915	20,187,411
Debt securities issued (medium/long-term)[(1)]	6,909,847	9,775,346	11,741,001
Total capitalisation	**42,568,927**	**43,279,704**	**51,169,640**

(1) Funds borrowed and debt securities issued do not include short-term (less than one year) borrowed funds and debt securities issued.
(2) Includes US$910.0 million of the Bank's tier 2 subordinated debt instruments.

As of the date hereof, there has been no significant change in total capitalisation since 31 December 2020.

THE GROUP AND ITS BUSINESS

General

The Bank is a Turkish private commercial bank that provides banking products and services to retail, corporate, commercial and SME banking and other customers through a network of branches operating in major cities throughout Turkey. As of 31 December 2020, according to the most recent statistics published before the date of this Base Prospectus on the Public Disclosure Platform, the Bank was the fifth largest private bank in Turkey in terms of Bank-only total assets with TL 227,253 millions of total assets. Since 15 June 2016, following the completion of the transfer of shares from the NBG Group to QNB, the Bank has been a subsidiary of QNB. QNB, together with its subsidiaries and associate companies, is a leading banking group operating in 30 countries around the world, primarily in the Middle East and North Africa region. See "Share Capital and Ownership – Ownership."

Since its initial entry to the Turkish banking market in 1987, the Bank has grown its branch network significantly. The Bank's branch network increased from 309 branches as of 31 December 2006 to 475 branches (including one branch in the Atatürk Airport Free Trade Zone in İstanbul and one branch in Bahrain) as of 31 December 2020. As of such date, the Bank's branch network consisted of 444 full-service branches, 17 retail-only branches, three corporate-only branches and 11 commercial-only branches located in 53 commercial centres in Turkey, mainly in İstanbul, İzmir, Ankara and Antalya. The Group aims to maintain the number of its branches at approximately the current levels. The Group, through the Bank and its subsidiaries and other affiliates, also undertakes leasing, factoring, insurance and investment banking activities. As of 31 December 2020, the Group had total assets of TL 235.0 million, total loans and receivables of TL 146.3 million, total deposits of TL 130.3 million and total equity of TL 19.2 million.

In addition to its branch network, the Group has made significant investments in alternative delivery channels such as ATMs, a POS network, internet banking, mobile banking and a call centre. In October 2012, the Group launched Enpara.com, an online banking platform designed to provide banking and payment services to retail customers in Turkey without the use of any physical branches. Since its establishment, Enpara.com has grown its registered customer base from 18,000 customers to 2.4 million customers as of 31 December 2020, with 80% of such customers not having been pre-existing customers of the Group.

The Group has three main business segments: consumer and private banking, SME banking and corporate and commercial banking, additional information about each of which is provided below:

- *Consumer and Private Banking*. The Group's consumer and private banking activities consist primarily of mortgages, consumer lending, credit and debit card services, deposits, investments and insurance products. The Group's offerings to retail customers are divided into three main further sub-groups: (a) private banking, which serves individuals with liquid assets under management exceeding TL 750,000 through customised service offerings, (b) the affluent segment, which serves individuals with assets under management between TL 100,000 and TL 750,000, offering features such as dedicated relationship managers and a diverse set of banking and non-banking services and benefits, and (c) the mass banking with a wide variety of products and services. Consumer and private banking has been one of the principal drivers of the Group's growth during recent years. As of 31 December 2020, the Group had approximately 4.3 million consumer and private banking customers (excluding credit card customers) and the Group had performing retail loans and receivables (including mortgage, retail credit card and consumer loans (which comprise personal need loans, overdrafts and auto loans)) of TL 45 billion, representing 32% of the Group's performing loans and receivables (representing total gross loans, including financial assets measured at fair value through profit and loss, *minus* specific provisions).

- *SME Banking.* The Bank's SME banking activities consist primarily of revolving credit lines, instalment loans, overdrafts, business housing loans and demand deposits. As one of the first banks in Turkey to focus on this segment, the Bank started its SME banking operations at the beginning of 2003 to support Turkish small businesses. The SME banking segment consists of: (a) Agricultural Banking, (b) SME Banking Small Enterprises, which serves enterprises with annual revenues of up to TL 6.0 million, and (c) SME Banking Medium Enterprises, which serves enterprises with annual revenues between TL 6.0 million and TL 50.0 million. In recent years, SME banking has represented an increasingly important part of the Group's overall

loan portfolio. As of 31 December 2020, the Group's SME banking operations had approximately 372,000 active customers and performing loans and receivables of TL 27 billion, representing 19% of the Group's performing loans and receivables.

- *Corporate and Commercial Banking*. The Group's corporate and commercial banking activities primarily consist of traditional and non-cash lending, project and structured finance, trade finance, foreign trade, cash management, corporate syndication, secondary market transactions, deposit taking and certificated debt instruments. The corporate and commercial banking segment consists of: (a) corporate banking, which serves large businesses (including multinational corporations), and (b) commercial banking, which serves enterprises with annual revenues between TL 50.0 million and TL 300.0 million. As of 31 December 2020, the Group's corporate and commercial banking operations had approximately 13,000 customers and performing loans and receivables of TL 68 billion, representing 49% of the Group's performing loans and receivables.

The Group also undertakes leasing, factoring, insurance, investment banking and other activities through its subsidiaries and other affiliates.

History

The Bank was founded in İstanbul on 23 September 1987 and its primary focus originally was to provide wholesale banking services to large Turkish corporations, in particular the financing of trade activities and working capital and the issuance of guarantees to and on behalf of large Turkish corporations. The Bank also provided investment banking services, concentrating initially on the sale and trading of Treasury bills and debt and equity instruments and corporate finance advisory activities. Since 1987, the Bank has significantly expanded the range of services that it offers to its corporate customers located in Turkey and abroad. As a provider of wholesale banking services, the Bank initially operated through four offices (two in İstanbul and one each in Ankara and İzmir) until 1995.

In 1995, the Bank made a strategic decision to expand its branch network, and to enter the retail banking sector, concentrating on upper-middle income individuals. At the same time, corporate banking activities were expanded geographically with the establishment of new branches in additional commercial centres. In January 1997, the Bank's investment banking activities were transferred, in accordance with CMB regulations, to Finans Invest, a subsidiary established exclusively for that purpose.

In June 1999, the Turkish and Bahraini banking authorities granted a banking licence to allow the Bank to establish a branch office in Manama, Bahrain. This branch office, which commenced operations in July 1999, allows the Bank to capitalise on the tax advantages afforded by Bahrain and provides the Bank with greater access to countries in the Persian Gulf region.

NBG acquired 46.0% of the Bank's ordinary shares and 100.0% of its founder dividend shares in August 2006, which founder dividend shares are to be redeemed in accordance with the Bank's Board of Directors resolution, dated 16 September 2014. In January 2007, NBG acquired a further 43.4% of the Bank's outstanding ordinary shares through a tender offer required by its initial acquisition.

In April 2007, following an agreement signed in January of the same year, NBG disposed of 5.0% of the Bank's ordinary shares to the International Finance Corporation (the "*IFC*"). During 2007, NBG acquired a further 0.5% of the outstanding share capital of the Bank.

On 9 November 2012, the Bank disposed of 51.0% of Finans Emeklilik ve Hayat Anonim Şirketi ("*Finans Pension*") to Cigna for TL 202.9 million and also established a so-called earn-out structure of preference dividends paid to the Bank. As of the date of this Base Prospectus, the Bank holds 49.0% of the shares of Finans Pension. Following the sale transaction, Finans Pension has been accounted for in the Group's financial statements using the equity method. In 2012, the Bank and Finans Pension signed an exclusive agency agreement for the duration of 15 years that covers the Bank's distribution of Finans Pension's life insurance and pension products. In 2013, Finans Pension's title was changed to Cigna Finans Emeklilik ve Hayat Anonim Şirketi and, in October 2020, the title was further changed to Cigna Sağlık Hayat ve Emeklilik Anonim Şirketi ("*Cigna Health*").

On 16 November 2012, the Bank executed a share purchase agreement with Banque PSA Finance SA for the disposal of 100.0% of the shares of Finans Consumer Finance for TL 4.3 million. Finans Consumer Finance was established in 2008 and its primary focus was to provide loans to consumers for the purchase of certain goods and services from merchants with whom the Company has a partnership agreement.

The Bank's ordinary shares were listed for the first time on the Borsa İstanbul on 3 February 1990. The Bank undertook a secondary public offering on 3 June 1998 when Global Depositary Receipts, representing its ordinary shares, were listed on the London Stock Exchange.

On 29 March 2007, NBG and the IFC entered into a put and call option agreement (the "*Put and Call Option Agreement*") relating to the IFC's shares in the Bank. On 26 September 2014, the IFC exercised its put option under this agreement and sold to NBG 1,417,499,438.73 shares that it held in the Bank, representing 5.0% of the ordinary shares of the Bank, in exchange for US$343,060,696.50 (US$2.420182239 for TL 1 nominal share) pursuant to the provisions set forth in the Put and Call Option Agreement.

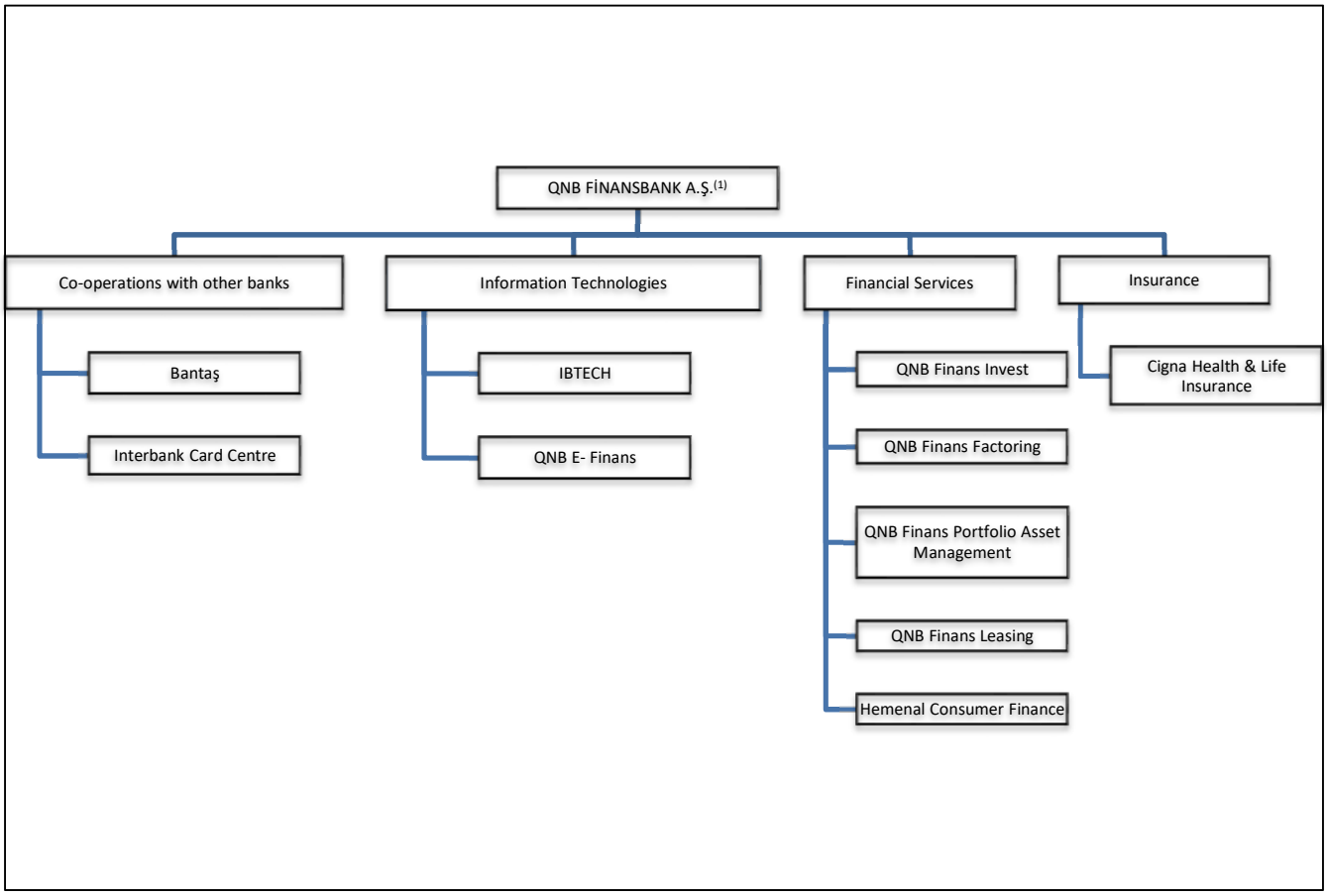
On 9 November 2015, the BRSA approved the Bank's acquisition of the shares that Banque PSA Finans SA held in Hemenal Finansman A.Ş. ("*Hemenal Finansman*"), a company providing consumer finance loans. Such share transfer was finalised on 14 December 2015.

On 21 December 2015, NBG entered into the Share Purchase Agreement with QNB regarding the sale of its direct and indirect 99.81% stake in the Bank. On 15 June 2016, NBG and its subsidiaries holding shares in the Bank and other NBG Group companies transferred all of their shares to QNB, which shares, as of such date, corresponded to: (a) 99.81% of the share capital of the Bank, (b) 0.2% of the share capital of Finans Invest, (c) 0.02% of the share capital of Finans Portfolio Asset Management and (d) 29.87% of the share capital of Finans Leasing). In accordance with the Squeeze-Out and Sell-Out Communiqué, the shareholders of the Bank (other than QNB) had a right to sell their shares in the Bank to QNB within a three month period starting on 16 June 2016. At the end of such period, as of 16 September 2016, 99.88% of the shares of the Bank were owned by QNB and the remaining shares were traded on the Borsa İstanbul. See "Share Capital and Ownership."

The marketing name of the Bank was changed to QNB Finansbank on 20 October 2016.

Corporate Structure

The following chart shows the subsidiaries and joint ventures of the Group as of the date of this Base Prospectus.



(1) The Bank operates a foreign branch office in Manama, Bahrain.

Consumer and Private Banking

Overview

The Group's consumer and private banking activities consist primarily of mortgages, consumer lending, credit and debit card services, deposits and investment management, and insurance products. Income from the Group's consumer and private banking activities includes net interest income from loans and receivables to/from retail customers and deposits collected from individuals, as well as fee and commission income received from loan underwriting, asset management services, life insurance and property and casualty insurance products, credit and debit card-related services, settlements and cash-related transactions with or for individuals. Even though the Group has been reducing its exposure to retail customers since 2012, consumer and private banking has been one of the principal drivers of the Group's growth in recent years. As of 31 December 2020, the Group had approximately 4.3 million active consumer and private banking customers (excluding credit card customers) compared to approximately 4.2 million as of 31 December 2019 and had performing retail loans and receivables (including mortgage, credit card and consumer loans (which comprise personal need loans, overdrafts and auto loans)) of TL 140.3 billion, representing 32.1% of the Group's performing loans and receivables (representing total gross loans, including financial assets measured at fair value through profit and loss, *minus* specific provisions).

Since entering the Turkish consumer and private banking market in 1995, the Bank has developed a network of branches that are designed to sell a full range of the Group's financial products dedicated exclusively to retail and corporate customers. The Bank offers a full range of retail and corporate banking and related financial services through all 444 of its full-service branches, as well as 17 retail-only financial services, as of 31 December 2020. The Bank's policy is to make all of its retail products available at all of its branches (excluding four corporate branches, a branch in Atatürk International Airport Free Trade Zone and one branch in Bahrain) and have a retail customer representative or relationship manager in each branch.

The Bank's management believes that its approach of combining branches with alternative delivery channels has resulted in a network that is both productive and efficient. As of 31 December 2020, the Group's retail branches had an average retail loan volume of TL 94.9 million and, according to the Banks Association of Turkey, the Group had (as of 31 December 2020) the most productive branch network in Turkey in terms of branch retail loan volumes, even though it was the youngest network among its Private Sector Peers with an average branch age of 16.9 years as of such date. The expansion of the retail branch network has allowed the Group to organically grow its customer base. See also "– Branches."

The Bank's goal for its consumer and private banking operations is to become the bank of choice for individuals, providing fast, efficient and relationship-oriented services, addressing customer needs and differentiating its offerings so as to steer away from spread compression in the market. The key pillars of the Bank's consumer and private banking strategy are a dynamic sales network consisting of high productivity branches and what the Bank believes are market-leading alternative sales and distribution channels, a marketing engine continuously deploying innovative products and campaigns, unparalleled customer and product analytics boosting both customer and product profitability, and state of the art risk management supporting healthy business growth.

The Group's consumer and private banking operations are divided into two main groups: Consumer Banking and Credit Cards. Consumer Banking operations are further divided into three sub-groups, namely private banking, affluent segment and mass banking, each of which is described as follows:

- *Private Banking*: This segment, which had approximately 12,782 active customers and represented 0.7% of the Group's retail loans and receivables (and 25.3% of the Group's retail deposit base) as of 31 December 2020, assists customers build and preserve their financial wealth through tailored investment strategies and offers its customers time deposits, mutual funds, emerging market bonds, domestic and international equities, government bonds, corporate bonds, currency exchange, forward contracts, futures, options and structured products. The private banking sub-segment also creates and implements mid- to long-term asset allocation in line with each customer's particular risk tolerance. This segment serves customers with assets under management exceeding TL 1,500,000 (or the Turkish Lira-equivalent of such amount in one or more currencies) at the Bank. The private banking sub-segment supports all of the Group's business lines (retail, corporate and commercial) and cooperates with Finans Portfolio Asset Management and Finans Invest to execute and advise clients' transactions.

- *Affluent Segment*: This segment, branded as "Xclusive Banking," had approximately 81,823 active customers and represented 3.5% of the Group's retail loans and receivables (and 66.4% of the Group's retail deposit base) as of 31 December 2020. "Xclusive Banking" was launched at the beginning of 2009 and serves customers with assets under management between TL 450,000 and TL 1,500,000. The service offering to affluent segment customers is centred on dedicated relationship managers in branches supported by dedicated agents at the call centre, offering a diverse and exhaustive set of banking and non-banking benefits. Given the focus of the segment towards higher income customers, the customers are provided with daily investment advisory and investment products targeted to the segment. The Bank is the only bank in Turkey to have established a Retail Sector Banking Unit focused on developing banking relationships with medical doctors.

- *Mass Banking*: This segment, which had approximately 4.6 million active customers and represented 62.6% of the Group's retail loans and receivables (and 32.4% of the Group's retail deposit base) as of 31 December 2020, is served through a more standardised product set and packaged offerings. Customer acquisition in the mass banking is mostly executed through consumer loan, credit card, mortgage sales and salary account relations. Although cross-sales at the point of acquisition are a key part of customer

profitability improvement, strong central customer analytics-driven portfolio management activities further boost customer profitability and retention. Such activities are executed by central outbound and inbound call centre teams and other alternative delivery channels such as Internet and mobile banking in addition to the branch sales efforts. Moreover, packaged offers designed for mass banking customers help to improve additional product penetration to overall customer portfolio. Sub-segment programmes such as the retiree package and the salary-account package serve the same purpose while creating a good platform for customer communication. Companies that made salary payments through the Bank in 2020 decreased by 7.0% compared to 2019 due to reduced number of companies making salary payments as a result of the impact of the COVID-19 pandemic. As of 31 December 2020, the mass banking segment had 530 customer representatives operating out of 385 retail and one satellite branches.

The Group offers loans, deposits and other services to its retail customers as described in the following sections.

Loans

The following table sets forth the Group's retail loans per category as of the indicated dates.

	As of 31 December		
	2018	**2019**	**2020**
		(TL thousands)	
Mortgages	4,824,179	4,349,632	3,870,093
Retail credit card loans	11,165,162	13,134,505	15,854,990
Personal need loans	12,390,211	16,518,638	23,375,729
Auto loans	16,299	12,713	25,896
Overdrafts and other loans	1,890,762	1,899,647	1,937,368
Total retail loans	**30,826,613**	**35,915,135**	**45,064,076**

Mortgages: The Group offers a variety of mortgage products covering mortgage loans of up to 180 months, with outstanding mortgages having an average outstanding principal amount of TL 3.9 billion and an average mortgage loan size of TL 4,083 as of 31 December 2020. The Group has pioneered a number of mortgage products in the Turkish market, including low instalment mortgages, no commission mortgages and investment mortgages, and the Bank was also the first bank in Turkey to initiate partnerships with real estate developers for mortgage sales during the construction phase. Each of the Group's mortgage loans is secured with collateral that is required to have a value in excess of the relevant loan at all times. As of 31 December 2020, the Group had outstanding mortgage loans of TL 3.9 billion, which comprised 8.6% of the Group's retail loan portfolio as of such date.

The Group's loan-to-value ratio for its total mortgage book was approximately 57.2% as of 31 December 2020. Each of the Bank's mortgage loans is secured with collateral, which is always required to have a value in excess of the loan. The Bank had a 1.5% market share of the retail mortgage loan market in Turkey as of 31 December 2020, compared to 2.2% as of 31 December 2019, ranking sixth among private banks in the Turkish banking sector according to statistics published by the BRSA. Having gained significant market share in mortgages between 2005 and 2010, the Group began to decelerate its growth in mortgages, even before its overall shift away from the retail segment, due to limited opportunities to grow profitability further in the mortgage market.

Credit Card Loans: The Bank issues credit cards under the CardFinans brand. The Bank earns interest income on outstanding credit balances, transaction commissions from merchants, cash withdrawal fees, annual membership fees from cardholders and other service-based fees such as insurance fees and payment fees. As of 31 December 2020, the number of retail credit cards issued by the Group exceeded 5.7 million and represented 8.2% of the total Turkish retail credit card market, according to statistics published by the Turkish Interbank Card Center (*Bankalararası Kart Merkezi*) ("*BKM*"). The Group's performing retail credit card loan portfolio was TL 15.9 million and represented 35.2% of the Group's retail loan portfolio as of 31 December 2020. For additional information on the Bank's credit card business, see "- Credit Cards" below.

The Bank had a 10.9% market share of the credit card market (by the total loan amount) in Turkey as of 31 December 2020, compared to 11.2% as of 31 December 2019, according to statistics published by the BRSA, ranking fifth among private banks in the Turkish banking sector. Following adverse regulatory changes that impacted the profitability of

the Group's credit card business, the Group's management decided to maintain its overall presence in the Turkish credit card market.

Personal Need Loans: Personal need loans are used for a wide spectrum of needs ranging from instant cash needs, home refurbishments, financing vacations and education fees. The Bank offers personal need loans through its retail branches and telesales channel. Customers can also apply for personal need loans using the Bank's SMS-based pre-assessment service that has been specifically developed for this product.

The Bank's market share in personal need loans, overdraft and other loans (by the total loan amount) in Turkey was 6.5% as of 31 December 2020, compared to 7.0% as of 31 December 2019, ranking fifth among private banks in the Turkish banking sector (*i.e.*, excluding state-owned banks) according to statistics published by the BRSA. The Bank's management views personal need loans as an important part of the Bank's consumer and private banking strategy and intends to develop new products and distribution channels to increase market share in personal need loans. The Group has also put in place new risk measures designed to improve the cost of risk associated with the Group's personal need loans business.

Auto Loans: The Bank offers term loans to its consumer and private banking customers to finance the acquisition of automobiles, with the Group providing car loans of up to 70.0% of the automobile's value for new vehicle purchases. As of 31 December 2020, the Group had outstanding auto loans of TL 25.9 million, representing 0.06% of the Group's retail loan portfolio. The Bank's market share in Turkey for auto loans (by the total loan amount) as of 31 December 2020 was 0.3% according to statistics published by the BRSA.

Overdrafts and other Loans: The Bank provides overdraft loans as an additional feature provided to debit card holders permitting them to access cash instantly and easily. The Bank believes that strong marketing support and central analytics contributed to its 9.2% market share in overdraft products as of 30 September 2020 (the latest date for which such figures are available as of the date of this Base Prospectus), according to statistics published by the Banks Association of Turkey. In October 2013, the Bank launched a product named "Ready Credit," an overdraft product with an instalment feature that contributed to an increase in the Bank's market share. Total outstanding overdraft and other loans as of 31 December 2020 were TL 1.9 billion, representing 4.3% of the Group's retail loan portfolio.

Since the beginning of 2012, the Group has undertaken new measures to improve the overall risk profile of its consumer and private banking business. These measures include: (a) gradually increasing consumer loan and credit card score cut-offs to reduce probability of default rates, (b) actively managing lending limits to reduce exposure at default of credit card customers, (c) more aggressively using risk-based pricing and targeted advertising for high-quality customers and (d) proactively targeting certain low-risk potential customer groups. Following these new measures, the percentage of NPLs recorded within six months after origination with respect to retail loans originated in each of 2018, 2019 and the first half of 2020 was 0.4%, 0.2% and 0.0%, respectively.

The Group has also undertaken certain key activities to help maintain its overall consumer and private banking market share, particularly in relation to general purpose consumer loans. These activities include: (a) providing general purpose consumer loans with pre-approved limits for customers with a strong existing credit history with the Group, (b) extending instalment loans through the Group's customer call centre, its ATM network and the internet, (c) extending consumer loans through retail distribution partnerships with other Turkish companies and (d) utilising risk-based pricing criteria more aggressively to increase loans to higher quality customers.

Retail Deposits and Investment Products

The Bank offers demand deposits, time deposits and investment products to its retail customers, and provides brokerage services and deals in treasury bills and equities on behalf of its retail customers. The Bank also offers its retail customers the opportunity to invest in mutual funds managed by Finans Portfolio Asset Management. Additionally, the Group, through its joint venture Finans Pension, offers life insurance and retirement income services to groups and individuals as well as bancassurance products.

Retail Deposits: The following table sets forth the Group's retail deposits per category as of the indicated dates.

	As of 31 December		
	2018	**2019**	**2020**
		(TL thousands)	
Demand deposits	7,194,584	12,269,107	19,696,719
Time deposits	49,567,660	55,955,265	57,246,191
Total retail (individual) deposits	**56,762,244**	**68,224,373**	**76,942,910**

Since 2012, the Group has been particularly focused on increasing its demand deposit base from its private and affluent consumer and private banking customers. As of 31 December 2020, demand deposits represented 23.0% of the assets under management for private or affluent consumer and private banking customers, compared to 13.67% as of 31 December 2019 and 9.75% as of 31 December 2018.

The Group has also further centralised the management of its retail customer deposit pricing decisions with the aim of lowering the average interest rate paid on retail deposits. Although pricing decisions for retail deposits historically have been centralised, previously relationship managers or branch managers had some discretion to set rates for certain of the Bank's retail deposits. Such discretion has been reduced through the development and use of a pricing algorithm, which has resulted in more centralised management of pricing for retail deposits.

Investment products: Mutual funds have been a growing focus area for the Bank's consumer and private banking business in a low interest rate environment due to higher returns compared to deposits, and, more importantly, the fact that customers search for alternative investment products in a low-interest environment. The Group also offers its retail customers pension plans. In addition, the Group offers its retail customers a wide range of insurance products such as life insurance, payment protection, health insurance, auto insurance, home insurance and travel insurance. The Group expects bancassurance to continue to be one of the key contributors to increasing profitability in upcoming years.

Since 2013, the Group has also concentrated its efforts on creating new gold-based investment products for retail customers and sales of Turkish Lira bond issuances to retail customers. With products such as its "gold accumulation account," "gold-indexed deposit account" and "gold collection day," each providing specific methods to save and invest in gold or gold-indexed products, the Group had approximately 131,514 gold accumulation accounts that form part of the Group's deposit base, with approximately 127,198 gold accumulation account customers and approximately 604,080 gold account customers as of 31 December 2020.

Credit Cards

The Bank offers a diverse range of credit cards under the umbrella brand name of "CardFinans." The Bank believes that CardFinans appeals to different customer segments with its Classic, Gold, Platinum, CardFinans Xtra (upper mass market segment), CardFinans Emekli (senior citizen segment), ClubFinans (premium segment), GO (university segment) and VadeKart (commercial segment) brands as well as co-branded and affinity cards. CardFinans offers features such as instalments, discounts and a customer loyalty programme called "Gift Money" that was launched in June 2014 and allows cardholders to buy and send pre-paid gift cards to friends and family for purchases at various retail shops in Turkey in amounts of up to TL 1,500. The CardFinans SME Business Card addresses the particular needs of SMEs by offering an instalment credit facility and a post-instalment feature. VadeKart was launched in February 2010 with postdating transaction, transaction instalment, postdating statement, express limit and authorised card user group features to strengthen the position of CardFinans in SME business services. The Bank launched CardFinans Fix in May 2010, which offers instalment, discount and MoneyPoint features with no annual fee charge. The Group re-launched Fix Card in August 2012 as a contactless dual card that has credit card and debit card features in one card. The Group had issued approximately 1.4 million CardFinans Fix as of 31 December 2020.

The Group's performing retail credit card loan portfolio was TL 15.8 billion, and represented 11.3% of the Group's performing loans and receivables and 35.2% of the Group's performing retail loan portfolio, as of 31 December 2020 (TL 11.2 billion, 11.7% and 36.2%, respectively, as of 31 December 2018 and TL 13.1 billion, 11.9% and 36.6%, respectively, as of 31 December 2019). The Group's net fee and commissions from credit card operations amounted to TL 1,197.2 million for 2020, or 11.5% of the Group's net operating income for that period (TL 1,286.3 million and 14.3% for

2018 and TL 1,592.6 million and 16.8% for 2019). In addition, interest earned from credit card balances totalled TL 1,609.8 million for 2020, or 15.7%, of the Group's total net interest income for the same period (TL 1,501.7 million and 19.1% for 2018 and TL 2,164.1 million and 27.6% for 2019).

Regulations introduced by the BRSA in the fourth quarter of 2013 require the companies that provide credit card products and services to, among other things, increase the monthly minimum payments required to be paid by cardholders, include credit card receivables in the calculation of the non-performing consumer loans to total consumer loans ratio, offer at least one type of credit card with no annual subscription fee and limit credit card instalment payments for certain types of purchases. In 2015, the BRSA published the Capital Adequacy Regulation, which entered into force on 31 March 2016 and lowered the risk weighting for credit card instalment payments from a range of 100% to 250% (depending upon their outstanding tenor) to 75% (irrespective of their tenor).

The following table sets forth the market shares of CardFinans in terms of balances outstanding and total sales for the indicated years.

	2018	2019	2020
Outstanding balance	10.4%	10.8%	10.1%
Total sales	8.1%	8.5%	8.5%

Source: The Banks Association of Turkey.

As of 31 December 2020, the total number of credit cards issued by the Group was 6.3 million (representing 8.3% of the total Turkish credit card market according to statistics published by BKM) and the number of member merchants was 145,669. As of the same date, within the Turkish credit card market, the Group was the fifth largest Visa card issuer in terms of the number of cards issued according to statistics published by BKM.

SME Banking Department

The Bank's SME banking activities consist primarily of revolving credit lines, instalment loans, overdrafts, business housing loans and demand deposits. As one of the first banks in Turkey to focus on this segment, the Bank started its SME banking operations at the beginning of 2003 to support Turkish small businesses. The goal of the SME Banking Department is to achieve sustainable and profitable growth by determining customer needs and providing quick and tailor-made solutions. SME Banking is divided into three sub-segments: (a) SME Banking Small Enterprises, which serves customers with annual turnover of less than TL 4.0 million, (b) SME Banking Medium Enterprises, which serves customers with annual turnover between TL 4.0 million to TL 40.0 million, and (c) Agricultural Banking.

According to data published by Small and Medium Enterprises Development of Turkey (*Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi Başkanlığı – KOSGEB*), SMEs accounted for 99.83% of all companies in Turkey, 72.7% of the workforce and 61.7% of Turkey's business turnover and contributed to 55.1% of Turkey's exports in 2020. The Group expects SMEs to be the main driver of future growth in the banking sector, particularly given measures by Turkish regulatory authorities to promote lending to SMEs, including under the KGF programme. The volume of SME loans in the Turkish banking sector has grown at a CAGR of 20% from 31 December 2006 to 31 December 2020, and SME loans penetration (measured by total SME loans as a percentage of GDP) has grown from 7.6% as of 31 December 2006 to 70.2% as of 31 December 2020, all according to the BRSA and Turkstat. The Bank's management believes that the banking sector's support to SMEs is essential both for developing SMEs and supporting their contribution to the national economy, as well as sustaining the growth of the banking sector, which faces challenges vis-à-vis competition and legal regulations. Therefore, the Bank's management intends for the Group to continue its focus on SMEs with high growth potential and has offered SMEs training and consulting regarding foreign trade.

Since 2005, SME banking has been the Group's second largest segment by the total loan amount. The Group was one of the first banks in Turkey to create an executive vice president position for SME banking and since 2008 has been developing its own SME credit scorecard. As of 31 December 2020, the Group served over 371,867 active customers through its 1,162 relationship managers in 406 branches. Furthermore, in recent years, the Group has also significantly increased its ability to offer products and services to its SME customers. In 2020, the Group reviewed a daily average of 1,200 SME loan files. The Group has also created innovative service offerings for its SME customers, such as SME Cloud (described in "SME Banking Department—Products and Services") and internet based banking services.

The Group's total SME loans have grown at a CAGR of 9.3% from 31 December 2015 to 31 December 2020. On a BRSA Bank-only basis, the Group's share of SME loans as a percentage of business loans has decreased from 57.1% as of 31 December 2015 to 41.0% as of 31 December 2020, compared to a decrease in the overall banking sector in Turkey from 38.3% as of 31 December 2015 to 30.4% as of 31 December 2020 according to the BRSA. The Bank experienced high SME loan growth, growing the volume of its SME loans from approximately TL 20 billion as of 31 December 2015 to approximately TL 38 billion as of 31 December 2020 with a market share of 4.9% as of 31 December 2020 according to the bank-only financials published in the Public Disclosure Platform (www.kap.gov.tr). Accordingly, the Group's SME loan book has grown significantly without experiencing a disproportionate decrease in the overall asset quality of its SME customers while the SME banking coverage ratio, which is the percentage of SME NPLs that can be covered with the Group's SME provisions, decreased from 74.7% as of 31 December 2015 to 69.7% as of 31 December 2020. The Group's NPL volumes have increased since 31 December 2015, from TL 806 million to TL 3.4 billion as of 31 December 2020, and its NPL ratio has increased from 4.4% to 11.2% during the same period. The increases in the Group's NPL volumes and NPL ratio during such period primarily resulted from the slowdown in certain sectors in Turkey (such as tourism, construction and energy) due to the political and economic environment, which deterioration might continue to negatively impact the NPL ratio of the banking sector in general and the Bank in particular.

As of 31 December 2020, the Group's SME banking operations had loans and receivables of TL 27.1 billion, which represented 19.3% of the Group's total loans and receivables. As of such date: (a) the Group's loans and receivables from customers of small enterprises (with annual turnover of less than TL 4.0 million) was TL 13.9 billion, (b) total time deposits and demand deposits from the Small Enterprises sub-segment were TL 2.4 billion and TL 3.5 billion, respectively, (c) the Group's loans and receivables from the medium enterprises sub-segment was TL 13.2 billion and (d) the total amount of time deposits and demand deposits from the medium enterprises sub-segment was TL 2.8 billion and TL 3.9 billion, respectively.

Products and Services

The Group has embraced a concept of solution-oriented services tailored to the Group's SME customers, with its wide product array ranging from foreign trade services to loans, deposits and cash flow products. It serves its customers depending upon their loan repayment ability through a rich range of products, from short-term loans with instalments that can foster the enterprises' need for working capital to long-term loans in large values necessary for large-scale investments.

The Group's overall strategy for the SME market is to focus primarily on two groups of customers: high quality service customers and "market-norm" service customers. High quality service customers provide a high current value and a high potential value to the Group, while market-norm service customers provide either: (a) a low current value and high potential value or (b) a high current value and a low potential value to the Group. Under these categories, the current value of a customer represents the overall current profitability of such customer to the Group and the potential value represents the total amount of loans and POS turnover and credit card limits associated with such customer with all banks in Turkey. As of 31 December 2020, high quality service customers had, on average, credits of approximately TL 223,900 and deposits of approximately TL 69,100 with the Group, while market-norm service customers had, on average, credits of approximately TL 18,650 and deposits of approximately TL 9,000 with the Group.

Typically, high quality service customers are served by the Group's more experienced SME relationship managers, each of whom manages a limited number of customer accounts. In these customer relationships, there is a significant emphasis on fostering customer loyalty by ensuring that the relationship manager is offering assistance and services to the customer on a frequent basis.

Market-norm customers are also served by the Group's SME relationship managers, but the marketing focus of the relationship manager varies based upon the current and potential value of the customer. For customers with a high current value but a low potential value, the relationship manager focuses on providing services in an efficient manner so as to maintain the Group's currently strong relationship with such customer. For customers with a low current value but a high potential value, the focus is on providing high quality service and competitive pricing so as to increase the ability of the Group to obtain more of the customer's business that is currently with other banks in Turkey.

As part of its overall SME strategy, the Group established SME Cloud, which is a telephone service with qualified SME customer service representatives. The Group believes that SME Cloud provides a cost efficient way for the Group to provide and cross-sell a wide range of products and services to smaller SME customers. As of 31 December 2020, SME Cloud was serving approximately 80,000 customers per month. The Group was also the first bank in Turkey to provide SME

loans over the telephone, which is done through SME Cloud. Over time, the Bank's management plans to increase the efficiencies of SME Cloud in order to provide products and services to customers with either a high current value or high potential value to the Group. The expansion of SME Cloud might include having dedicated SME Cloud relationship managers in the Group's branches to build long-term relationships with such customers. In addition to the SME Cloud, other innovative products and services for SMEs include:

(a) the "SME Money-in-the-Pocket" service, which enables small business owners to apply for a loan of up to TL 50,000 by sending a text message from a mobile phone and to learn the outcome of the application process on the same day,

(b) the "KOBİ Plus" service, which offers an extension of maturity on the amount of the customer's loans, while the monthly payments remain unchanged,

(c) the "Dynamic Loan" service, which allows customers to set their own limits with collateralised checks, cash or POS receivables in less than an hour,

(d) the "SME Cash Account" service, which allows customers to withdraw cash from all of the Bank's branches and the Bank's or Single Point ATMs. and enables payment of bills, checks, taxes, social security, loan and credit card balances, even in the absence of sufficient funds in the customer's account; such service includes a maximum limit of TL 5,000 for withdrawals from Single Point ATMs,

(e) the "Salary Loan" service, which makes salary payments of SMEs even if they do not have sufficient funds in their accounts; the maximum amounts of salary payments are determined by the Group's allocations department and generally does not exceed the amount of the customer's salary, and

(f) the "POS Opportunity Package," which offers desktop and mobile POS solutions backed with supporting banking operations, cash flow and commercial services and, with this package, member SMEs enjoy certain fee exemptions and attractive commission rates.

The Bank's management believes that it was one of the first banks in the Turkish banking market to introduce risk- and value-based pricing in the SME market. The key principles of risk- and value-based pricing include: (a) using analytical applications and behavioural scoring models to assess a customer's probability of default on a loan, (b) differentiating the pricing of a loan based upon collateralisation, with lower prices for collateral with higher expected rates of recovery, and (c) differentiating the pricing of SME products and services based upon the current profitability of the customer and that customer's level of business with the Group.

Agricultural Banking

The Agricultural Banking sub-segment offered its services through 37 branches and 49 customer representatives as of 31 December 2020. Agricultural Banking diversifies its services by customising its products to the related agricultural segment and to the specific region where activity is being carried out. As of 31 December 2020, Agricultural Banking had loans and receivables of TL 1.8 billion, which decreased by 27.0% compared to the previous year and represented 6.7% of the Group's SME loan portfolio.

In order to support the modernisation of the agricultural sector and to better take advantage of the economies of scale in agribusiness, the Group offers favourable payment terms and up to ten years maturity terms on its investment loans. The Group channels funds from institutions such as IPARD (which is a pre-accession programme of the EU) and the European Fund for Southeast Europe (EFSE) for rural development projects, while offering affordable working capital, agricultural mechanisation and organic farming loans provided by PROPARCO, a subsidiary of the Agence Française de Développement (AFD) (*French Development Agency*).

Agricultural Banking supports certified agricultural production, which ensures and increases product quality for customers of the industry. In addition, organic farming activities are supported by favourable credit rates and repayment options. In an effort to establish long-term relationships with customers, in 2013 the Group launched the "Farmer's Cash"

service, which was created to meet the short-term funding requirements of customers by helping them pay their bills and social security payments with flexible repayment options.

Agribusiness is rapidly evolving by modernising and restructuring itself in line with macroeconomic trends in Turkey. In line with these developments, the Bank's Agricultural Banking department intends to continue to improve its business models and expand its organisation parallel to the needs of the sector.

Corporate and Commercial Banking

Overview

Products and services provided by the Bank's Corporate and Commercial Banking Department include trade finance, corporate and commercial lending, project finance, corporate syndication and secondary market transactions, deposit taking and the issuance of certificated debt instruments. The primary sources of income of the Bank's Corporate and Commercial Banking Department consist of interest income attributable to corporate and commercial loans, as well as commission income from letters of credit and guarantees. The Group's corporate and commercial banking segment had loans and receivables of TL 68.3 billion as of 31 December 2020, which represented 48.7% of the Group's total loans and receivables. The corporate and commercial segment also provided the Group with TL 8.8 billion in demand deposits as of 31 December 2020, compared to TL 3.5 billion and TL 5.4 billion, respectively, as of 31 December 2018 and 2019.

Since 2016, the corporate and commercial loans market in Turkey has grown at a CAGR of 20%, increasing from TL 863.2 billion in 2016 to TL 1.78 trillion in 2020, with total loan-to-GDP penetration increasing from 66.9% as of 31 December 2016 to 70.2% as of 31 December 2020, all according to the BRSA and Turkstat. The Bank's management believes that favourable government policies with respect to export-oriented businesses and infrastructure projects offer strong growth potential for the corporate and commercial banking sector, and that corporate and commercial banking has a relatively low NPL risk when compared to other segments.

The Group's corporate and commercial segment primarily targets medium-sized companies and served over 12,600 active customers through a network of approximately 250 relationship managers in 41 branches as of 31 December 2020. As of the same date, credit limits were extended to approximately 10,960 customers and credit exposure was extended to approximately 5,875 customers. The corporate and commercial banking segment also generates business from larger businesses through low-yield loans and large infrastructure projects, as well as from certain investment loan and project finance transactions based upon profitability; *however*, the Group's primary focus is the middle market, consisting of companies above TL 60.0 million in annual turnover and a strong degree of corporate governance.

The Group's corporate and commercial banking segment is divided into corporate banking and commercial banking sub-segments as described below.

Corporate Banking

The Bank serves its corporate customers, which include large business groups and multinational companies in Turkey, via four branches located in İstanbul and Ankara and sub-branches in Bursa, İzmir, Antalya and Adana.

Since its establishment, the Corporate Banking Department has created a strong customer base by developing customer-specific solutions. Corporate banking works in collaboration with the Bank's other business units to provide high quality services not only for corporate clients, but also for their partners, employees, dealers and suppliers, aiming to deliver a high level of customer satisfaction throughout the value chain.

Corporate banking attempts to acquire new customers for different business segments and thereby create synergistic benefits within the Bank. Increasing the profitability of the Corporate Banking Department remains a primary goal of the Bank in the competitive Turkish market. In order to increase profitability, the Bank's Corporate Banking department intends to increase non-risk income, penetrate further into the existing customer base and create additional profit for other business segments.

As of 31 December 2020, the corporate banking department had a total credit and non-credit active customer base of 1,415 companies, of which 794 had credit limits.

Commercial Banking

Commercial banking serves customers that have an annual turnover between TL 60.0 million and TL 300.0 million. The number of active customers in this segment exceeded 11,000 as of 31 December 2020. The goal of commercial banking is to achieve sustainable and profitable growth by understanding customer needs and providing tailor-made solutions.

As of 31 December 2020, the Group's commercial banking department served its customers through four regional offices, 39 branches and 176 portfolio managers. The branches are full service branches in which retail and commercial customers are served together.

As of 31 December 2020, the number of CardFinans commercial credit cards in issue was 603,775, representing 9.3% of the total Turkish commercial credit card market according to statistics published by BKM, and the number of POS terminals of CardFinans was 214,312, representing a 5.44% market share according to statistics published by BKM.

In August 2013, the commercial banking organisation was restructured in order to provide a holistic approach to its customers and to improve relationship banking, thereby increasing opportunities for cross-selling and expanding the existing trade network. To support this strategy, business lines were structured to operate under corporate and commercial banking relationships. The Commercial Banking Department focuses on increasing the number of active customers, sustainable growth by balancing wallet share/loan share and demand deposit volume. The Group provides cash management solutions and trade finance products insurance services and coordinates subsidiary transactions to expand its business with customers and increase its risk-free income.

Corporate and Commercial Banking Products and Services

Loans and Receivables and Non-cash Loans. The Bank offers loan facilities predominantly in Turkish Lira, U.S. dollars and euro. Turkish Lira loans are generally short-term in nature, usually with maturities ranging from overnight to 365 days, and are principally for working capital financing; *however*, the Bank also extends medium-term loans with maturities between 365 and 730 days mainly to finance working capital requirements. The Bank has also introduced "Commercial Credits in the Form of Instalments," which are in essence Turkish Lira- or foreign currency-indexed instalment loans. Moreover, the Bank provides foreign currency principally for financing exports from Turkey. The Bank also extends longer term facilities to corporate customers in Turkey for industrial and manufacturing investment purposes in different sectors and project financing. In relation to both its domestic and foreign operations, the Bank provides non-cash facilities to companies in various industries through letters of guarantee, bid bonds and foreign trade non-cash products. By using conventional banking products as well as cash management products and by applying competitive pricing, the Bank aims to increase its market share in cash and non-cash loans.

The Group's cash loans to corporate and commercial customers have grown at a CAGR of 31.3% from TL 17.5 billion as of 31 December 2015 to TL 68.4 billion as of 31 December 2020. The Group's non-cash loans to corporate and commercial customers have grown at a CAGR of 27.7% from TL 8.5 billion as of 31 December 2015 to TL 28.9 billion as of 31 December 2020. As a major foreign currency-generating industry, the construction and contracting sector has been a focus of the Corporate and Commercial Banking Department since the Group's establishment. As of 31 December 2020, loans to the construction and contracting industry represented 8.5% of the Group's performing corporate and commercial loan portfolio, loans to the financial industry represented 12.9%, loans to the textile and fabrics industry represented 5.5% and loans to the food, alcohol and tobacco industry represented 3.6%.

Project and Structured Finance

The Group's project and structured finance business has taken an active role mainly as lead arranger in financing many important projects, including privatisations, public-private partnerships, acquisitions and infrastructure projects, which have contributed to the growth of the Turkish economy. The project and structured finance division prepares loan proposals and project evaluation reports, including cash flow projections, and manages the Credit Committee approval process. Once loans are approved, the project and structured finance division manages legal documentation and disbursement phases as well

as the bank-to-bank relationships. Throughout the maturity of all loans under its responsibility, the project and structured finance division performs the initial evaluation of all waiver and amendment requests, before passing them along to the Credit Committee should any formal approval be required.

From 2000 to 2020, the Group committed a total of TL 31.2 billion to 46 primary and secondary cash and non-cash project finance syndications, of which TL 363.1 billion was utilised. As of 31 December 2020, a total value of TL 29.3 billion of the Group's TL 31.2 billion in commitments was utilised. The Group focuses on medium-sized project finance transactions, using the "economic value added" concept to measure the profitability of each deal, and participates in larger-sized landmark projects only if such projects generate a positive economic value added return.

The Group's project and structured finance clients are concentrated in the infrastructure, energy and commercial real estate sectors.

Cash Management and Trade Finance

In addition to providing credit facilities, the Group provides cash management services to its corporate, commercial and retail customers. Cash management is an important part of the Group's overall business and a key element of its strategy to increase demand deposits and service-related revenues. Cash management services include direct debiting for payment of invoices, supplier finance systems, utility bills, social security, tax payments, cash-in-transit services and providing foreign exchange transfers and remittance services as well as cash management solutions tailored for individual customers. The Group's trade financing activities consist of pre-export financing, import financing, issuing, confirming and discounting export and import letters of credit and letters of guarantee, and availing and discounting export and import drafts and promissory notes.

The overall mission of the Cash Management and Trade Finance group is to: (a) provide cost efficient and innovative cash flow and payment solutions that can be customised according to client size and (b) create partnerships with large corporations utilising the Group's wide branch network and technological capability. The Cash Management and Trade Finance division also has a cooperation agreement with Citibank to focus on the sophisticated cash flow management needs of large corporate customers in Turkey.

In line with this strategy, as of 31 December 2020, the Group provided direct debit services to 21,188 companies and, since 31 December 2013, expanded the number of customers with the Bank's checks by 152,000 (resulting in a market share of 5.3%) and the number of customers with other banks' checks by 13,910 (resulting in a market share of 5.3%) (*source*: Interbank Check Clearing House). As of 31 December 2020, the Bank provided automatic payment by standing order services to more than 160,000 companies and more than 1.5 million individual customers. In addition, the Bank is one of the banks in Turkey authorised to collect: (a) social security contributions on behalf of the government from domestic corporate entities and businesses and/or (b) taxes on behalf of the government from corporate customers.

The Group's trade finance activities are funded through correspondent bank facilities matched in terms of currency and maturity and through general term loan facilities. As of 31 December 2020, the Bank had an international correspondent banking network of more than 395 banks and a trade finance volume of approximately US$26.4 billion (resulting in a market share of 6.7%). The Bank also participates in various export credit programmes provided by overseas export credit agencies.

The trade finance sales team consisted of 21 people, 15 located in different regions and six located in the Group's headquarters, as of 31 December 2020. The Group's trade finance business is also active in utilising the Turkish Eximbank cash and non-cash loans, as well as the Central Bank's rediscount programme, all of which are to finance exporters.

E-Invoice

"E-Invoice" is a payment and collection system, established by "QNB eFinans" (*i.e.*, QNB eFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.) to provide e-invoicing services in line with the requirements of Turkish regulations. "QNB eFinans," a subsidiary of the Bank, provides online solutions for banking facilities by electronic invoice filing, an electronic ledger application and an electronic trade portal. Electronic invoice filing allows for much faster processing time when compared to traditional invoicing methods, measured from the time of the initial invoicing to registration of the invoice, and also serves as data for credit ratings and analysis. The Group was the first banking group to have a subsidiary

(*i.e.*, QNB eFinans) in Turkey offering a dedicated electronic invoice service and, as of the date of this Base Prospectus, the Bank remains the only Turkish bank having a subsidiary providing electronic invoice, ledger, archive invoice and registered e-mail (REM) services via a software programme owned and fully controlled by a banking group. As of the date of this Base Prospectus, the Bank held all of the shares of QNB eFinans.

The total transactions processed by QNB eFinans exceeded 153.3 million e-Invoice transactions, 534.5 million e-Archiev Invoice transactions and 10.6 terabyte e-Ledger transactions (*i.e.*, an electronic general ledger in which accounting entries are recorded) as of 31 December 2020. The total customers of QNB eFinans grew from 331 as of 31 December 2013 to 66,913 as of 31 December 2020 and the total product number sold to these customers reached 192,145 as of 31 December 2020 (with QNB eFinans' objective being to have processed 52.1 million e-Invoice transactions per year, 240.1 million e-Archiev transactions per year and 5.8 terabyte e-Ledger transactions per year by 2023).

The Group offers E-invoice-guaranteed cash loans, under which corporate customers are permitted to borrow funds by assigning their long-term E-invoices issued through the QNB eFinans system as a guaranty. When a corporate customer applies for an E-invoice-guaranteed cash loan, the Bank commences a standard credit assessment process, through which a limit is allocated based upon such customer's creditability. The maximum maturity of the loan must not be greater than the maximum maturity of the E-invoices assigned under the guaranty. Payments from customers under e-finance-guaranteed cash loans are made through the Bank's internal banking system, thus simplifying the process for making loan payments.

Bancassurance. In 2011, the Bank established the SME Middle Size Enterprise Insurance Management unit under the Commercial Marketing Group. The unit serves the insurance needs of Corporate, Commercial and SME Banking customers. As of the date of this Base Prospectus, this unit works with 10 insurance companies operating in Turkey, using the branch network of the Bank to provide tailor-made solutions for the needs of customers. Furthermore, the SME Middle Size Enterprise Insurance Management unit seeks to mediate the Bank's risk management by better controlling debt exposure by insuring loan collaterals.

Treasury Department

The Bank's management believes that the Treasury Department is one of the largest treasury operations in Turkey, which employed 57 professionals as of 31 December 2020. The primary mission of the Treasury Department is to manage the Bank's liquidity, foreign exchange and interest rate risks. The Treasury Department concentrates in key markets, namely money and currency markets, fixed income and derivative markets in Turkey and other countries. Liquidity, exchange rate and interest rate risks are managed according to the decisions taken by the Bank's Assets and Liabilities Committee (the "*ALCO*"). Services provided by the Treasury Department include supplying prices in all instruments to local branches of the Bank or selected customers of the Group, providing consulting services to international customers investing in domestic markets and providing risk management services to selected customers in Turkey.

The Treasury Department consists of five groups: the Sales Group, the Structured Funding Group, the Foreign Exchange, Derivatives and Fixed Income Trading Group, the Liquidity Management Group and the Balance Sheet Management Group, each of which is described below.

Sales Group: The Sales Group is responsible for the pricing of all transactions through the Bank's branches. In addition to conventional products, the sales desk offers customers and the Bank's branch network a wide range of derivatives and capital-protected savings products.

Structured Funding: The Structured Funding Group continued to expand its funding opportunities in 2020, despite challenging market conditions, relying upon its parent's strengths and credibility. The amount of financing obtained from international markets was US$228 million in 2020 and the total funding size reached US$3.68 billion as of 31 December 2020.

Foreign Exchange, Derivatives and Fixed Income Trading Group: This group consists of three trading desks: Foreign Exchange, Derivatives and Fixed Income. The Foreign Exchange Desk manages the Group's foreign exchange exposure and engages in proprietary foreign exchange trading. The traders closely monitor domestic and international markets in order to benefit from currency movements and act as a market maker in Turkish Lira pairs to both customers and other banks. The Derivatives Desk has the mandate of trading Foreign Exchange and Equity Index derivatives. This desk

manages the Group's volatility book and provides pricing of foreign exchange options, forwards and Equity Index derivatives to customers and other banks. The Fixed Income Desk is responsible for execution of all fixed income and interest rate derivatives transactions. Since the Bank is one of the primary dealers in the Turkish local currency government bond market, the Fixed Income desk is quite active in the local bond market. All trading desks have predetermined risk exposure limits, which are closely monitored by the Risk Management department.

Liquidity Management Group: The Liquidity Management Group manages the short- and medium-term liquidity of the Bank and determines the deposit rates up to one year. Responsibilities of the Liquidity Management Group also include managing the reserve requirement of the Bank, preparing liquidity projection reports up to one year and monitoring regulatory liquidity ratios.

Balance Sheet Management Group: The Balance Sheet Management Group is responsible for balance sheet risk management and funds transfer pricing. The Balance Sheet Management Group is responsible for executing the hedging strategy set by the ALCO and assessing potential exposures to risks in the balance sheet of the Bank, especially credits and deposits, in terms of maturity and costs and evaluating developments in terms of risk and hedging. The Balance Sheet Management Group uses interest rate swaps, cross currency swaps, swaptions and other interest rate risk management instruments to hedge various types of exposures. The Balance Sheet Management Group is also responsible for determining medium-term note pricing and deposit and loan transfer pricing in main currencies for all tenors in order to ensure fair profit sharing among business lines and realistic pricing in products.

Branches

As of 31 December 2020, the Bank maintained a branch network of 475 branches (including one branch in the Atatürk Airport Free Trade Zone in İstanbul and one branch in Bahrain), consisting of 444 full-service branches, 17 retail-only branches, three corporate-only branches and 11 commercial-only branches located in 53 commercial centres in Turkey, mainly in İstanbul, İzmir, Ankara and Antalya. The Bank has dedicated certain branches, which are located primarily in upper-middle-income residential areas, to retail customers.

The continuous expansion of the Bank's branch network until 2013, in particular the number of retail branches, allowed the Group to organically grow its customer base. The Bank's management believes that such expansion strategy resulted in a branch network that is both productive and efficient. The following table sets forth information relating to the Bank's branch network and customer numbers for the periods indicated.

	As of 31 December		
	2018	**2019**	**2020**
Total number of branches	542	525	475
Full service branches	519	494	444
Number of active retail customers	5,073,882	5,283,060	5,427,370

From 2014 to 2020, the number of the Group's branches was reduced by 183 as a result of routine and on-going analyses to optimise branch locations. The Group aims to maintain the number of its branches at approximately the current levels.

Enpara.com

In October 2012, the Group launched Enpara.com, which the Bank's management believes has become one of the most successful online-only banking platforms in Turkey. Within the Group, "Enpara.com" is managed as a separate banking unit with its own brand and business model. Enpara.com's customers are offered attractive interest rates on deposit products and offered zero-commissions for many types of banking transactions, such as bill payments, money transfers and foreign exchange.

Since its establishment, "Enpara.com" has grown its registered customer base from 18,000 in October 2012 to over 2.4 million customers as of 31 December 2020, approximately 80% of whom were not pre-existing customers of the Group. Enpara.com's deposit base has also expanded significantly, growing at a CAGR of 34.3% from TL 4.9 billion as of 31 December 2015 to TL 21.2 billion as of 31 December 2020. Enpara.com's deposit base equalled the Turkish Lira deposits

held by approximately 97 branches of the Group, based upon the average of the total deposits held by the Bank's retail branches (comprising 27.6% of the Group's retail deposit base), as of 31 December 2020. Most of Enpara.com's deposit growth is in "low ticket size" deposits between TL 50,000 and TL 500,000, which historically was much less cost-effective to acquire through a traditional branch network. In August 2014, Enpara.com launched Turkey's first online-only offering of consumer loans, which allows customers to obtain loans from the Bank without the need of visiting a branch or physically executing any documentation. As of 31 December 2020, approximately 37% of the Group's new consumer loan production volume was generated from Enpara.com, which equalled the new consumer loan production volume of approximately 283 branches, based upon the average consumer loans granted by the Bank's branches.

Enpara.com launched its credit card product in December 2017. By the end of 2020, the number of credit card customers reached over 632,670, with 75% of the customers being active.

Enpara.com's customers are predominantly young professionals, which is a customer profile that has been difficult to attract through the traditional branch network in Turkey. As of 31 December 2020, approximately 88% of Enpara.com's customers were under the age of 45 and approximately 79% were self-employed or work in the private sector or perform civil service. Enpara.com's customers are targeted through television and digital social media advertising campaigns and they are able to apply for an account online by using a simple form application in which minimal information is required. Applicants receive a visit within one or two business days from a specialist relationship manager, who completes the know-your-customer procedures and is authorised to provide instant approval. Enpara.com accounts are fully managed online or via mobile devices.

After serving retail customers for four years, Enpara.com launched "Enpara.com Şirketim" in October 2016 to serve small businesses with a similar model. "Enpara.com Şirketim" attracted 3,000 customers in its first three months. As of 31 December 2020, "Enpara.com Şirketim" had 67,749 customers, a 85% increase from 31 December 2019.

Alternative Delivery Channels

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

The table below illustrates the Group's position in terms of ATM network and internet banking as well as customers as of and for the periods indicated:

	As of and for the year ended 31 December		
	2018	**2019**	**2020**
ATMs			
Number of ATMs	2,941	2,941	2,897
Number of ATM transactions per period	153,720,377	166,824,605	151,445,467
Market share (no. of ATM machines)	5.7%	5.5%	5.5%
Internet & Mobile Banking			
Number of customers (total users)	2,620,944	2,992,195	3,434,471
Number of transactions per month	29,211,297	29,554,396	33,592,730

In 2020, the Group continued to focus on direct banking to improve customer satisfaction and reduce the operating costs and workload at its branches. The Group established the Marketing and Customer Acquisition Management Unit within the Direct Banking Department during 2014. This unit is responsible for promoting (and directing customers to) ATM, internet banking, mobile banking and credit card internet branch channels.

The Group uses social media to advertise and sell banking products through these channels. In addition to the Bank's web page on Facebook, the CardFinans, Fix Card, SME Arena and Finansbank Career web pages went live during 2013. The Group has also made active use of mobile marketing channels, especially for collecting loan applications.

In 2020, the average number of monthly monetary transactions made through internet and mobile banking channels reached 8.0 million with an increase of 22.4% compared to the average number of monthly transactions in 2019. Total average monthly volume increased by 52.3% during 2020 and reached TL 43.0 billion. The average monthly transaction volume made through the Group's ATM network increased by 8.8% during 2020 and reached TL 10.8 billion for 2020, although the size of the Group's ATM network decreased from 2,941 as of 31 December 2019 to 2,897 as of 31 December 2020.

The Group's call centres, whose over 1,000 telesales and inbound customer representatives address customer requests for banking and investment transactions, credit cards and other banking products, provides service on a continuous basis 24 hours a day, seven days a week. In 2020, the call centre responded to approximately 32 million calls, and 62% of all incoming calls were managed in the interactive voice response (IVR) system. Nearly 14 million interactions were completed in 2020. During 2020, the call centre and telesales completed approximately 43,000 confirmed CardFinans, approximately 63,000 CardFinans Cash and approximately 107,000 automatic payment orders.

Subsidiaries and other Affiliated Companies

The following table gives details as of 31 December 2020 for each company in which the Bank had a material equity interest.

Entity	Business	Commenced operations	Percentage held
Subsidiaries			
QNB Finans Leasing	Leasing	1990	99.40%
QNB Finans Factoring	Factoring	2009	100.00%
QNB Finans Invest	Brokerage	1997	100.00%
QNB Finans Portfolio Asset Management	Asset management	2000	100.00%
QNB Finans Asset Leasing	Asset Leasing	2018	100.00%
Hemenal Finansman	Financing	2015	100.00%
Ibtech	Information technology	2005	99.91%
QNB eFinans	E-Invoicing	2013	100.00%
Joint Ventures			
Bantas	Cash delivery	2009	33.33%
Cigna Health	Pension	2007	49.00%

In the analysis that follows of the Bank's subsidiaries' business, all amounts are before elimination of intercompany transactions and balances with the rest of the Group.

QNB Finans Leasing

QNB Finans Leasing was established in 1990 and is listed on Borsa İstanbul. QNB Finans Leasing's strategy has been to offer financing models in line with the customers' needs. As of 31 December 2020, QNB Finans Leasing had a market share of 11.1% in terms of asset size, according to data provided by the Association of Financial Institutions (*Finansal Kurumlar Birliği*), and it generated new business volume of US$425 million in 2020. QNB Finans Leasing has a lease portfolio that is diversified across several industries, with its finance lease receivables distributed as of 31 December 2020 as follows: textile 22.2%, energy and power 12.8%, manufacturing 12.6%, building and construction 9.4%, services 6.6%, chemicals 6.5%, transportation and storage 6.1%, wood and wood products 4.2%, health and social activities 3.0%, food 2.8%, retail and wholesale trade 2.7%, mining and quarrying 2.7%, agriculture, hunting and forestry 2.0%, automotive 1.7% and printing 1.1%. As of 31 December 2020, the total assets of QNB Finans Leasing were TL 7.8 billion, and its net profit for 2020 was TL 140.7 million.

The Group holds 99.4% of the shares of QNB Finans Leasing as of the date of this Base Prospectus.

QNB Finans Factoring

QNB Finans Factoring, which started its operations in October 2009, has its headquarters in İstanbul and representative offices in Ankara, Antalya, İzmir, Gebze, Adana, Kıraç, Gaziantep, Bursa, Denizli, Kozyatağı, Pendik, Osmanbey, Samsun, Bayrampaşa, İvedik, Manisa, Konya, Eskişehir, Mersin and Kayseri. As of 31 December 2020, the total assets of QNB Finans Factoring amounted to TL 2.2 billion and its paid-in capital amounted to TL 65.0 million. The company's net profit was TL 32.6 million for 2020, during which year its total factoring receivables amounted to TL 2.1 billion. In terms of total assets, QNB Finans Faktoring had a market share of 4.8% as of 31 December 2020 according to the Association of Leasing, Factoring and Financing Companies (*Finansal Kiralama, Faktoring ve Finansman Şirketleri Derneği*). In 2020, the number of the company's customers exceeded 1,500. The distribution of factoring receivables for the most significant industry groups as of 31 December 2020 was as follows: construction 18%, wholesale trade and brokering 15% and petroleum refinery products 14%.

QNB Finans Asset Leasing

QNB Finans Asset Leasing Company, established on 4 October 2018 as a subsidiary of QNB Finans Invest, is an asset leasing company established for the sole purpose of issuing domestic and foreign lease certificates. As of 31 December 2020, according to audited financial statements, the total assets of the company were TL 0.4 million and its paid in capital was TL 0.2 million.

QNB Finans Invest

QNB Finans Invest was established in December 1996 and began operations in January 1997. As an intermediary institution, QNB Finans Invest provides a wide range of financial services to both individual and institutional investors, including investment counselling and brokerage services, portfolio management, intermediation of derivatives, leveraged transactions (such as foreign exchange, contracts for difference (CFDs)), short-selling and credit sale of capital markets instruments, fund investment services and corporate finance and international investment services. Under the Capital Markets Law, the activities of intermediary institutions are subject to licences issued by the CMB for a specific activity under the name of the intermediary institution. QNB Finans Invest is duly licensed for all capital markets activities. QNB Finans Invest ranked sixth by volume of stocks traded on the Borsa İstanbul with a 4.92% market share, according to a breakdown of stock market transactions by Borsa İstanbul members, in 2020. As of 31 December 2020, the total assets of QNB Finans Invest were TL 1,449 million and its net profit for 2020 was TL 176 million, a 125% increase from 2019.

QNB Finans Portfolio Asset Management

QNB Finans Portfolio Asset Management, established in September 2000, managed four exchange-traded funds, seven mutual funds, 23 pension funds, one venture capital fund, three hedge funds and six private hedge funds, in each case, as of 31 December 2020. QNB Finans Portfolio Asset Management also manages discretionary portfolios for high net worth individuals and selected institutional customers. As of 31 December 2020, the total assets of QNB Finans Portfolio Asset Management amounted to TL 5.7 million and its consolidated net profit for 2020 was TL 11.6 million.

QNB Finans Portfolio Asset Management's market share in mutual funds was 3.1% as of 31 December 2020 according to CMB statistics and its assets under management were TL 4.4 billion.

Hemenal Finansman

On 15 July 2015, the Bank entered into an agreement with Banque PSA Finans SA to purchase all of the shares of Hemenal Finansman for an amount of TL 8.4 million. On 9 November 2015, the BRSA approved the share acquisition and such share transfer was completed on 14 December 2015. As of 31 December 2020, Hemenal Finansman had TL 26.7 million of total assets.

Cigna Health

Cigna Health was established in 2007. The operations of Cigna Health include providing life insurance services, establishing pension mutual funds and conducting private pensions. Cigna Health started operating in the life and personal

accident insurance market in 2007 and in the private pension market in 2008, in each case after obtaining the requisite licences and approvals.

On 9 November 2012, the Bank disposed of 51.0% of Finans Pension to Cigna for TL 202.9 million and also established a so-called earn-out structure of preference dividends paid to the Bank. As of the date of this Base Prospectus, the Bank holds 49.0% of the shares of Finans Pension. Following the sale transaction, Finans Pension has been accounted for in the Group's financial statements using the equity method. The Bank and Finans Pension also signed an exclusive agency agreement for the duration of 15 years that covers life insurance and pension products. Finans Pension's title was changed to Cigna Finans Emeklilik ve Hayat A.Ş. by resolution of the company's Extraordinary General Assembly dated 31 May 2013 (published in the Trade Registry Gazette on 13 June 2013) and to Cigna Sağlık Hayat ve Emeklilik A.Ş. by a resolution of the company's Extraordinary General Assembly dated 15 October 2020 (published in Trade Registry Gazette on 22 October 2020). The company's brand name was also changed from Cigna Finans to Cigna.

As of 31 December 2020, Cigna Health had established 23 pension mutual funds and two group pension funds and its net assets reached TL 255.0 million (TL 226.0 million as of 31 December 2019).

Ibtech

Ibtech was established in 2005 and is located in İstanbul. Ibtech's focus is to provide designs and enhancements for software such as Core Banking (Core Finans), credit cards and internet banking and to develop applications for the use of the Bank. As of 31 December 2020, the total assets of Ibtech amounted to TL 50.3 million.

Bantas

Bantas was established in 2009. As of the date of this Base Prospectus, Bantas was 33.33% owned by the Bank, with Denizbank and Türkiye Ekonomi Bankası A.Ş. each holding 33.33%, and is located in İstanbul. Bantas securely carries assets between branches and cash centres and gives ATM cash support. As of 31 December 2020, the total assets of Bantas amounted to TL 130.3 million.

QNB eFinans

QNB eFinans was established in 2013 to provide e-invoicing services. On 25 April 2018, the Bank acquired 2,940,000 shares (representing 49% of the paid-in capital) of eFinans from Sibertek Danışmanlık Eğitim ve Yatırım A.Ş. for TL 20,000,000 (corresponding to TL 6.80 per share) resulting in eFinans becoming a wholly owned subsidiary of the Bank. The total assets of QNB eFinans amounted to TL 28.2 million as of 31 December 2020 and its net profit for 2020 was TL 1.4 million.

Intellectual Property

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

Insurance

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

Competition

The Group competes with other banks, financial services firms and a wide range of insurance companies in providing banking, mutual fund, capital markets and advisory services and financial and insurance products. As of 31 December 2020, 48 banks (including domestic and foreign banks but excluding the Central Bank) were operating in Turkey, 34 of these were deposit-taking banks (including the Bank) and the remaining banks were development and investment banks (six participation banks, which conduct their business under different legislation in accordance with Islamic banking principles, are not included in this analysis). The Group is not a significant operator in Bahrain, the only international market in which it has a presence or a branch. For more information regarding the Bank's competitors, see "The Turkish Banking Sector." See also "Risk Factors – Risks Relating to the Group and its Business – Operational Risks – Competition in the Turkish Banking Sector."

Legal Proceedings

The Bank and its subsidiaries are defendants in certain claims and legal actions arising in the ordinary course of business. Other than the Competition Board investigation described below, the Group is not involved in any litigation, arbitration or other administrative proceedings that, if decided against the Bank or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on its business, results of operations or financial condition. There are no material proceedings pending in which any director of the Bank, any member of its senior management or any of the Bank's affiliates is either a party adverse to the Bank or any of its subsidiaries or has a material interest adverse to the Bank or any of its subsidiaries. As of 31 December 2020, the Group had made provisions for litigation of TL 157.2 million.

Competition Board Investigation

The Competition Board initiated an investigation against 12 banks operating in Turkey, including the Bank, in November 2011 to determine whether they had violated Law No. 4054 on the Protection of Competition (the "*Competition Law*") related to interest rates and fees in the deposit, credit and credit card services markets. The Competition Board announced its final decision with respect to such investigation on 8 March 2013, ruling that all of the defendants had violated Article 4 of the Competition Law and applying fines on each of them based upon their respective 2011 annual gross income. The fine levied against the Bank amounted to 1% of the Bank's annual turnover for 2011, equal to approximately TL 54.0 million. The Bank benefited from a 25% pre-payment discount by paying 75% of the fine (*i.e.*, TL 40.5 million) within one month after the receipt of the reasoned decision of the Competition Board. The Bank has commenced action for annulment of the Competition Board's decision at the Ankara Administrative Court. The action for annulment of the decision was dismissed by the Ankara Administrative Court. Following receipt of the court's decision, the Bank appealed the court's decision at the Council of State on 7 July 2015 and such appeal was rejected. The Bank requested revision of the decision at the Council of State on 15 February 2017, which was also rejected. The Bank has applied to the Constitutional Court to consider the issue. As of the date of this Base Prospectus, the decision has been finalised against the Bank and thus the decision might be enforced against the Bank; *however*, the matter is pending before the Constitutional Court as an extraordinary legal remedy.

Customers have brought claims (including in a class action) against the Bank under Articles 57 and 58 of the Competition Law seeking treble damages. As of the date of this Base Prospectus, there have been approximately 550 legal proceedings initiated against the Bank in this respect based upon decisions of the Competition Board, 200 of which have been resolved in favour of the Bank, one of which has been resolved against the Bank and two of which resulted in mixed rulings. In general, the courts hold their decision regarding such cases until the final decision of the Council of State is announced.

Information Technology

The Group makes use of recent and innovative technologies, which enables it to provide customers with high service quality and product diversity. The Bank's management believes that innovation and utilisation of technology support the Group's long-term strategic direction, help accelerate innovation and expand the Group's customer base and satisfaction. The Bank intends to continue to invest in information technology in order to keep and strengthen its competitive position in the sector and increase stockholder value. The Group also operates modern primary and disaster recovery centres, which serve its banking operations and are continuously improved in terms of capacity and cost efficiency.

The Group's total information technology capital expenditure was US$81.4 million in 2018, US$29.0 million in 2019 and US$31.0 million in 2020, which represented 44.1%, 40.3% and 40.4%, respectively, of the Group's total capital expenditure for the applicable year.

The Group's information technology system is centrally managed and controlled by its Enterprise Monitoring and Management Systems (described below). The system is then divided into central operations, which are monitored on an on-going basis, and branch operations, which comprise digitised teller and back office processes. The Group's information technology system is supported by disaster recovery centres, including back-up facilities, which serve its banking operations and are continuously improved in terms of capacity and cost efficiency. System availability averages 100.0% without planned downtime (which is scheduled seven times a year), reducing to 99.9% when planned work downtime is included.

In line with the Group's strategy to increase cost efficiency, the Group's centralised operations personnel have decreased by 0.37% in 2020 compared to 2019. The Group seeks further efficiency in its information technology systems through a focus on appropriate allocation of data resources to critical systems. As of 31 December 2020, the Group allocated approximately 60.0% of its servers to what it considers to be "critical" systems and the remainder to operational and productivity systems. The Group also has a stated objective of decreasing allocation of data resources in its retail and other operations in order to increase allocation of data resources to its growing corporate and commercial banking systems.

Ibtech

In May 2005, the Group established Ibtech, an information technology specialist subsidiary. Ibtech is the only bank information technology firm accredited to be located in the Technology Innovation Zone situated at Kocaeli, where it operates with a special licence under a 45-year lease from the government. Ibtech's location in the Technology Innovation Zone enables it to exchange know-how with government institutions in an efficient manner. As of 31 December 2020, Ibtech had 775 full-time employees, with expertise in the banking industry and information technology. See also "-Subsidiaries and other Affiliated Companies."

The Group's IT Programmes

The Enterprise Monitoring and Management System is the consolidated monitoring infrastructure that integrates the Group's various programmes. The Group uses CoreFinans, a core-banking application that is an all-inclusive in-house-developed application. CoreFinans has been continuously enhanced with new functionality since it was launched in 2002. With its service-oriented architecture, CoreFinans provides flexibility, scalability, ease of use, ease of integration and measurability, which are vital ingredients for the Group's operations. In addition to the core-banking application, the Group's information technology team develops and maintains alternative delivery channel applications, encapsulated with customer data management and infrastructure layers. In 2013, CoreFinans was integrated with the Group's telecommunications infrastructure, enabling branches to hold promotion campaigns and perform sales over the phone.

Over the past few years, the Group has carried out several projects focused on its banking delivery channels and has a number of ongoing projects.

Employees

The Bank places a high priority on recruiting and retaining the highest quality staff in alignment with its long-term business strategies and regards its staff as its most significant resource. For attracting suitable candidates, the Bank's efforts have centred on human resources activities for strengthening the Bank's brand image. The Bank also aims to provide a high level of personal and professional training that is both role-oriented and designed to develop certain skills and competencies and promote a coherent, unified corporate culture. The Bank aims to compensate its employees competitively and operates diversified performance-driven premium and year-end success bonus models as well as several practices for reinforcement of engagement and fulfilment such as appreciation and recognition programmes, internal communication activities and retention plans. With the goal of establishing long-term and efficient relationships with employees, the Bank conducts and analyses employee engagement and satisfaction inventories and turnover studies. It also provides vertical and horizontal career opportunities.

As of 31 December 2020, the Bank employed 11,111 persons, of whom 48.2% were based in one of the Bank's branches. Among its employees, more than 73.6% were engaged in sales, with 2,821 employees forming the direct sales force, as of 31 December 2020. Additionally, the Bank's subsidiaries (including Cigna Health) employed 1,793 employees as of such date.

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

	As of 31 December		
By operation	**2018**	**2019**	**2020**
Head Office	2,668	2,724	2,621
Branches	6,395	6,073	5,360
Alternative sales channels	2,882	2,963	2,821
Regional offices	331	327	309
Total	**12,276**	**12,087**	**11,111**

As of 31 December 2020, more than 85.3% of the Bank's employees had associate degrees or above. As of the same date, the Bank's employees had an average of nine years of experience in the banking sector, an average seniority at the Bank of 7.78 years and an average age of 34.2 years. The Bank's management believes that the Bank's relations with its employees are positive.

Property

The Bank's principal properties, including its head office, are located primarily in two areas of İstanbul, Levent (Kristal Kule) and Ümraniye. The Bank's other material properties are in three other Turkish cities: Erzurum, İzmir and Bursa. The market value of these material properties, based upon external appraisals in December 2020, was TL 2.3 billion. The Bank operates most of its branches based upon medium-term leases, with typical lease periods of five to 10 years. Some of the Bank's subsidiaries and other affiliated companies own their own properties while others lease the premises in which they operate.

On 11 March 2014, the Group purchased a commercial building for TL 931.0 million to be used as the Group's headquarters. On 14 October 2014, the Bank agreed to sell its Gayrettepe headquarters in İstanbul for a contractually agreed value that was higher than the then current book value and such sale was approved by the Bank's Board of Directors on 23 October 2014. On 30 October 2014, the Bank also began an open tender process for the sale of its Polat building in İstanbul, and the result of such tender process was approved by the Bank's Board of Directors on 13 November 2014. Title of the Gayrettepe headquarters building was transferred in March 2015 and the title to the Polat building was transferred shortly thereafter.

Anti-Money Laundering and Combating the Financing of Terrorism

Turkey is a member country of the Financial Action Task Force (the "*FATF*") and has enacted laws to combat money laundering, terrorist financing and other financial crimes. Minimum standards and duties include customer identification, record keeping, suspicious activity reporting, risk management and monitoring activities, employee training, audit functions and designation of a compliance officer. Suspicious transactions must be reported to the Financial Crimes Investigation Board (*Mali Suçları Araştırma Kurulu*) (the "*FCIB*"), which is the Turkish financial intelligence unit. In Turkey, 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 financing.

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

It is the policy of the Bank (including its entire domestic and overseas branch network) and each of the Bank's subsidiaries to act in compliance with all applicable laws and international standards on combating money laundering and

terrorism financing, including to prohibit money laundering and any activities facilitating the money laundering process, the financing of terrorism or criminal activities; *provided* that the Bank's overseas branches and subsidiaries must comply with the applicable laws of their host country.

The Bank seeks to prevent the use of the Group's banking products and services for the purpose of money laundering and terrorism financing through a programme of compliance with the obligations of anti-money laundering and combating the financing of terrorism rules, which programme is to be followed by all employees. This programme, which has been implemented throughout the Bank and its financial subsidiaries, 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 and terrorism financing policies and procedures, monitoring and auditing customer activities and transactions in accordance with anti-money laundering and terrorism financing laws and employee training.

In an effort to ensure compliance with FATF requirements, Law No. 6415 on the Prevention of the Financing of Terrorism was introduced on 16 February 2013, which introduced an expanded scope to the financing of terrorism offense (as defined under Turkish anti-terrorism laws). The law further criminalised terrorist financing and implemented an enhanced legal framework for identifying and freezing terrorist assets.

Compliance with Sanctions Laws

It is the policy of the Bank (including its entire domestic and overseas branch network) and each of the Bank's subsidiaries to carry out operations in accordance with all applicable law and international standards. The Group's policy is to comply with certain international sanctions programs, including particularly the sanctions imposed by the United Nations Security Council, the United States, the European Union and Turkey. The Group's policy is to not provide services to countries and activities subject to such sanctions, or to intermediate any banking service, in breach of such sanctions.

OFAC administers laws that restrict the ability of U.S. persons to invest in, or otherwise engage in business with, SDNs, and similar laws have been put in place by other U.S. government agencies (including the State Department), the EU, the United Kingdom, the United Nations and Turkey. Before opening an account for, or entering into any transaction with, a customer, the Bank checks whether such customer is listed as a Sanction Target. In addition, the names of all customers and all incoming and outgoing transactions are continuously and automatically screened against a list of Sanction Targets. All of the Bank's daily transactions are further reviewed for compliance with applicable sanctions laws. Accordingly, the Bank's current policies restrict the Bank from engaging in any prohibited business investments and transactions with Sanction Targets.

Credit Ratings

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

Fitch (26 February 2021)

Long-term Foreign Currency Issuer Default Rating/Outlook:	B+/Stable
Short-term Foreign Currency Issuer Default Rating:	B
Long-term Local Currency Issuer Default Rating/Outlook:	BB-/Stable
Short-term Local Currency Issuer Default Rating:	B
National Long-term Rating/Outlook:	AA (tur)/Stable
Support Rating:	4
Viability Rating:	b+

Moody's (10 December 2020)

Long-term Foreign Currency Deposit Rating/Outlook:	B2/Negative
Short-term Foreign Currency Deposit Rating:	Not Prime
Long-term Local Currency Deposit Rating/Outlook	B1/Negative
Short-term Local Currency Deposit Rating:	Not Prime
BCA (Baseline Credit Assessment):	b3
Adjusted BCA	b1
Senior Unsecured Debt Rating/Outlook:	B2/Negative

Fitch, which is established in the United Kingdom and registered under Regulation (EC) No. 1060/2009, as amended, as it forms part of United Kingdom domestic law by virtue of the EUWA (the "*UK CRA Regulation*") and is included in the list of credit rating agencies published by the FCA on its website (https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras). As Fitch is not registered under Regulation (EC) No. 1060/2009, as amended (the "*EU CRA Regulation*") or included in the list of credit rating agencies published by the ESMA on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the EU CRA Regulation, Fitch's rating of any Tranche is expected to be endorsed (and Fitch's rating of the Bank is endorsed) by its affiliate Fitch Ratings Limited Ireland, which is established in the European Union and included in such list of credit rating agencies published by the ESMA.

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

RISK MANAGEMENT

The Bank considers effective risk management to be crucial to its success. The Bank allocates substantial resources to upgrading its policies, methods and infrastructure to ensure compliance with best international practices and the guidelines of the Basel Committee on Banking Supervision (the "*Basel Committee*").

Risk Management Governance

Risk management governance at the Bank starts with the Board of Directors. The Board Risk Committee (the "*BRC*"), the ALCO, the Corporate and Retail Credit Policy Committees (the "*CCPC*", "*CPRC*" and the "*RCPC*"), the Operational Risk Management Committee (the "*ORMC*") and the Risk Management Department are the most important bodies in the risk management structure. The Board of Directors determines the general risk policy and the risk appetite of the Bank. The BRC, in its monthly meetings, defines risk policies and strategies, reviews the types of risks the Bank is exposed to, monitors the implementation of the risk management strategies and brings important risk issues to the attention of the Board. The ALCO, meeting monthly, is responsible for monitoring and managing the structural asset-liability mismatches of the Bank, as well as monitoring and controlling liquidity risk and foreign currency exchange risk. The CCPC and RCPC meet on an as-required basis and are responsible for monitoring and evaluating the Bank's applicable lending portfolio and determining principles and policies regarding the credit risk management processes, such as loan approval, limit setting, rating, monitoring and problem management. The ORMC meets every three months and is responsible for reviewing operational risk issues of the Bank and defining the necessary actions to be taken to minimise these risks. The Risk Management Department, working independently from the Bank's executive functions and reporting to the Board of Directors, is organised under four groups (market risk, credit risk, operational risk and model validation), each having responsibility for identifying, measuring, monitoring, controlling and managing the relevant risks as well as for model validation and assessing the predictive ability of risk estimates and the use of ratings in credit processes.

The Group aims to adopt best practices regarding risk management governance, taking into account all relevant guidelines and regulatory requirements, as set by the Basel Committee, the BRSA and the CMB, as well as any decisions of the competent authorities supervising the Group's entities.

The Internal Audit Division (the "*IAD*"), which reports directly to the Board of Directors through the Audit Committee, complements the risk management framework and acts as an independent reviewer, focusing on the effectiveness of the risk management framework and control environment.

The Group's risk management structure is designed to achieve existence of clear lines of responsibility, the efficient segregation of duties and the prevention of conflicts of interest at all levels.

Board Risk Committee

The Group's risk management policies are approved by the BRC, the members of which are the Chairman of the Bank's Board of Directors and three other members of the Bank's Board of Directors who are adequately qualified and experienced in the field of risk management. According to its internal regulation, the BRC is responsible for all strategic risk management decisions including, for example, the approval and review of risk strategy, policies and capital adequacy and allocation as well as oversight of the ALCO, the CCPC, the RCPC and the ORC.

For a further description of the BRC, see "Management – Executive Committees of the Bank – Board Risk Committee."

Risk Management Department

The Group's Risk Management Department is responsible for monitoring and managing all potential risks for the Bank in a centralised and efficiently coordinated manner. The primary goal of the Risk Management Department is to provide the business lines with appropriate capital allocation (economic capital) for risks they are exposed to and incentivise risk-adjusted return on capital.

The Risk Management Department seeks to protect the Group against unforeseen losses and to maintain earnings stability through the independent identification and assessment of risks. It uses a framework for evaluating risks for risk management, seeking to produce transparent, objective and consistent risk management information as the basis for organising the Group's structure. Its role in maximising the Group's earnings potential involves measuring performance on a risk-adjusted basis and allocating capital accordingly. In addition, it is responsible for providing the BRC and the Executive Committee with accurate data and analysis required for measuring, monitoring and managing risks and for supporting the implementation of risk management decisions. Group risk management policies are approved by the BRC.

The Risk Management Department undertakes to do the following:

(a) analyse, measure, monitor, control, mitigate and report to management all significant on- and off-balance sheet risks undertaken at the Bank and the Group level,

(b) adopt risk management policies with regard to significant credit, market, operational and other risks undertaken by the Bank and the Group,

(c) evaluate the internal capital that is required in respect of all aforementioned risks and estimate all relevant capital ratios of the Bank and the Group,

(d) establish a framework for undertaking risk applicable to all levels of management and collective bodies of the Bank and the Group,

(e) establish early warning systems and perform stress tests on a regular basis, and

(f) guide decision-making processes at the Group level by providing the necessary risk management related evaluation.

Asset and Liability Management

The ALCO proposes asset and liability management procedures and policies to the Bank's Board of Directors that are compatible with prevailing laws. The ALCO is responsible for executing these policies and managing structural interest rate risk within the limits defined by the Board of Directors. The ALCO meets monthly. At these meetings, the ALCO reviews critical risk issues and determines the strategies for asset and liability management.

Internal Audit Division

The IAD has an independent and advisory role, the objective of which is to conduct assurance and consulting activities designed to add value and improve operations. Internal audit contributes to the achievement of corporate objectives by: (a) bringing a systematic, disciplined approach to the evaluation of the effectiveness of risk management, internal controls and corporate governance, (b) recommending appropriate measures to improve their efficiency and effectiveness and (c) monitoring the implementation of corrective actions.

The internal audit activity is structured so as to be independent of, and free from interference by, any element, unit or management level within the Bank. In order to ensure this independence, the Chief Audit Executive reports ultimately to the Bank's Board of Directors, with a functional and administrative reporting line through the Head of Internal Systems and the Audit Committee. This reporting line also applies for the approval of the internal audit charter, the risk-based internal audit plan, the internal audit budget and resource plan, the internal audit activity's performance relative to its plan and decisions regarding the appointment and removal of the Chief Audit Executive.

Management of Specific Risks

The Bank's risk management processes distinguish among the types of risks set out below. See also Section Four of the Group's BRSA Financial Statements as of and for the year ended 31 December 2020.

Credit Risk

Credit risk represents the risk arising from a counterparty not fulfilling its responsibilities stated in an agreement either partially or totally. The credit policy committees and departments are responsible for managing the Group's credit risk by controlling the overall lending process through approving the Bank's lending criteria and credit risk policies and delegating authorities depending upon the type of the product. These committees and departments help to establish effective and efficient internal policies, procedures and methodologies to define, quantify, measure, control and report credit risks.

The Group's Risk Management Department is responsible for building a regular cycle of rating models validation that includes monitoring of model performance and stability and, where necessary, model improvement. The table below provides an overview of the Group's credit risk management rating model:

Phase	**Retail Loans**	**Business Loans**
Origination	Scorecards Highly automated and model-driven application process	Incentivising hard collateralisation Use of scorecards and credit decision framework as a decision support tool Customised underwriting processes with different authorisation levels based up on customer segment
Monitoring	Proactively monitored and managed portfolio monitored on a daily basis Behavioural scorecards generating early warning signals	Proactively monitored credit portfolio with early warning signals, analytical decision support tools and management dashboards
Early Collection	In-house and outsourced collection teams of full-time employees, supported by information technology systems and segmentation tools	Centralised and regional collection specialists for each customer segment
Legal Collection	Central legal enforcement team managing NPL collection with the support of external law firms	Centralised legal collection teams and agents

The Bank actively uses collateral management as an important risk mitigation mechanism, including a legal review confirming the enforceability of the collateral arrangements under the applicable law. The market value of collateral generally is appraised at least annually or more often whenever there is a reason to believe that a significant decrease in its market value has occurred.

As long as a customer has a credit line, the Bank continuously monitors the credit risk of the customer. Quality, timeliness and sufficiency of information flow are under the responsibility of the underwriting department. The financial standing and the business risk profile of a customer are continuously monitored and the corporate ratings are updated and the customer limits are reviewed at least annually. Early warning systems have been established in order to ensure that customers for which a significant deterioration in the credit quality or payment performance has been observed are transferred to the watch list and closely monitored. Similarly, restructured and rescheduled loans are carefully monitored in line with the Group's credit risk policy.

Credit Cards. The credit card portfolio is the largest component of the Bank's consumer and private banking loans (TL 11.2 billion as of 31 December 2018, TL 13.1 billion as of 31 December 2019 and TL 15.9 billion as of 31 December 2020). Due to the weight of credit card loans in the Bank's balance sheet, the portfolio is subject to close monitoring and analysis on an on-going basis with what the Bank's management believes are robust techniques.

The Group has established a credit card scoring system supported by a number of models, which system is based upon a customer's application and behavioural score cards. Scoring systems and risk analytics are incorporated throughout the credit process, from the grant of credit through to collection. The Group's risk management unit is responsible for building a regular cycle of model validation that includes monitoring of model performance and stability and, if necessary, model improvement.

Credit cards that are in arrears or are considered to be a potential problem for the Bank are actively monitored and managed with the intent of avoiding loss, or mitigating it to the extent reasonably possible. The Bank has established processes whereby delinquent credit cards are managed in a timely fashion so that the collection performance of the credit

card loans portfolio is successful. The Bank has also implemented early warning systems with the goal of ensuring that customers subject to significant credit quality or payment performance deterioration are monitored with special care, and the Group relies on a network of in-house and outsourced early collection agents for collection efforts.

In 2014, the Group put in place stricter underwriting criteria and higher cut-off levels for its retail credit card business. The Group's management believes that this has resulted in the stabilisation of additional credit card NPLs, which amounted to TL 1.1 billion as of 31 December 2020 (compared to TL 1.3 billion and TL 1.2 billion as of 31 December 2018 and 2019, respectively).

Mortgage Lending. The mortgage lending portfolio is the third largest component of the Bank's consumer and private banking loans, with a total exposure of TL 4.3 billion, TL 4.8 billion and TL 3.9 billion as of 31 December 2018, 2019 and 2020, respectively. Accordingly, similar to credit card loans, the mortgage portfolio is also closely monitored and multi-dimensional risk analyses are performed on an on-going basis, including a property valuation conducted by an independent certified agent. The Group aims to have a loan-to-value ratio of 40.0% in its mortgage business in order to support high recovery rates. The Group's NPL volumes in its mortgage lending business increased to TL 32.3 million as of 31 December 2019 from TL 19.7 million as of 31 December 2018 and then decreased to TL 26.3 million as of 31 December 2020.

Consumer Loans. In the consumer loans business, the Group employs a dedicated early collection team comprised of in-house, outsourced and branch-based employees and agents.

Business Loans. The Group uses various scorecards in the origination stages of its business loans products, including behaviour scorecards, with customised underwriting processes employing different authorisation levels depending upon the customer segment. Generally, the Group incentivises hard collateralisation of its business loans, which means the collateral must be in the form of cash or real estate. Further, the Group proactively monitors its credit portfolio with respect to its business loans, using early warning signals, analytical decision support tools and management dashboards. In terms of collection, the Group employs centralised and regional collection specialists for each customer segment for purposes of early collection, as well as a centralised team of collection teams and agents for collection efforts.

Given that inadequate diversification might have a significant impact on the value of the Group's business loan portfolio, the Group has established maximum concentration limits for single names and industries. As a result, the Bank's top 20 corporate and commercial customers accounted for 33.7% of the Bank's total corporate and commercial performing loans and receivables and only 17.1% of the Bank's performing loan book as of 31 December 2020.

Counterparty Risk

The Group faces counterparty risk from the over-the-counter transactions and the repurchase agreements in which it is involved. Counterparty risk is the risk arising from an obligor's failure to meet its contractual obligations. For the efficient management of counterparty risk, the Bank has established a framework of counterparty limits. The financial institution department is responsible for setting and monitoring the limits for the Bank's financial institution counterparties.

Counterparty limits for the Bank's financial institution counterparties are set based upon credit ratings that are published by internationally recognised ratings agencies. According to the Bank's policy, if rating agencies have different views on the creditworthiness of a counterparty, then only the lowest rating will be taken into consideration. In cases where a counterparty is not rated by internationally recognised ratings agencies, its rating is determined by the Bank's internal rating model.

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

The Group seeks to reduce counterparty risk by standardising relationships with counterparties through the use of documentation maintained by the International Swaps and Derivatives Association (ISDA), the International Capital Markets Association (ICMA) and the International Securities Lending Association (ISLA) that include all necessary closeout netting

clauses and margining agreements. Additionally, for the most active counterparties in over-the-counter derivatives, credit support annexes have been put in effect so that on the basis of daily valuations, net current exposures are managed through margin accounts where cash collaterals can be reciprocally posted.

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

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

Interest Rate Risk

Interest rate risk is the risk related to the potential losses on the Group's portfolio due to adverse movements in interest rates. A principal source of interest rate risk exposure arises from the Group's bond portfolios and its interest rate exchange-traded and over-the-counter transactions, including the interest rate risk that derives from the positions it retains in Turkish government bonds. As a means of hedging, the Group enters into swap transactions in order to hedge the interest rate risk of its eurobond portfolio, which consists predominantly of Turkish government bonds denominated in foreign currency.

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

Interest Rate Risk in the Banking Book. Interest rate risk in the banking book is the current or prospective risk to earnings (net interest income) and capital due to adverse movements in interest rates affecting the banking book positions. Exposure to interest rate risk in the banking book arises from repricing mismatches between assets and liabilities. The Group's banking book consists mainly of loans and receivables, leasing and factoring receivables, cash and balances with central banks, amounts due from banks, customer deposits, amounts due to banks, marketable securities issued and funds borrowed that are measured at amortised cost. The Bank's management believes that it maintains adequate measurement, monitoring and control functions for interest rate risk in the banking book, including:

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

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

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

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

Interest rate risk that would arise from changes in interest rates depending upon the Group's position is managed by the ALCO. Interest rate sensitivity of assets, liabilities and off-balance sheet items is analysed by top management in the ALCO meetings held monthly by taking market developments into consideration. The management of the Group follows the interest rates in the market on a daily basis and revises interest rates of the Group when necessary.

In addition to customer deposits, the Bank funds its long-term fixed interest rate Turkish Lira-denominated instalment loan portfolio with long-term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank swaps the foreign currency-denominated liquidity obtained from the international markets to Turkish Lira-denominated liquidity with long-term swap transactions (fixed Turkish Lira interest rate and floating foreign currency interest rate).

Even though the Bank is exposed to structural interest rate risk on its balance sheet due to the nature of its existing activities, the Bank's policies aim to ensure that this risk stays within pre-defined limits. The ALCO aims to protect the economic value of equity, while sustaining a stable earnings profile. Duration/gap analyses, which rely upon calculations of net discounted future cash flows of interest rate sensitive balance sheet items, are conducted to manage this risk.

The Bank runs net economic value sensitivity scenarios with changes in interest rates and interest rate margins in order to calculate their impact on net economic value. In addition to the Basel standard interest rate shock scenario, the May 2004, June 2006 and 2008 scenarios and the market volatility of August 2018 are also simulated. As of 31 December 2020, the expected change in net economic value under the Basel scenario, which is defined by the BRSA, was TL 2.6 billion (9.11% of equity), which is well below the 20% limit advised by the Basel Committee (Principles for the Management and Supervision of Interest Rate Risk, July 2004).

The following table sets forth the Group's "repricing" gap as of 31 December 2020. The Group reports its "repricing" gap only on an annual basis.

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest-Bearing	Total
Assets				*(TL thousands)*			
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metal) and balances with the Central Bank.	6,501,977	-	-	-	-	20,901,085	27,403,062
Due from banks	45,846	-	-	-	-	1,459,721	1,505,567
Financial assets measured at fair value through profit/loss	1,358	284,489	20,010	78,520	22,847	8,044,622	8,451,846
Money market placements	752,392	-	-	-	-	-	752,392
Investment securities available-for-sale	1,815,340	1,277,034	3,165,778	3,839,136	4,728,569	1,764,943	16,590,800
Loans and receivables	30,556,723	21,657,972	52,208,465	35,918,478	3,600,659	2,390,294	146,332,591
Investment securities held to maturity	3,072,701	2,305,967	4,811,742	3,274,171	4,668,299	600,320	18,733,200
Other assets	-	-	-	-	-	15,250,263	15,250,263
Total assets	**42,746,337**	**25,525,462**	**60,205,995**	**43,110,305**	**13,020,374**	**50,411,248**	**235,019,721**
Liabilities							
Bank deposits	3,436,159	1,006,656	17,509	-	-	123,020	4,583,344
Other deposits	55,086,007	16,171,283	4,175,747	339,333	202	49,918,940	125,691,512
Money market borrowings	8,059,536	5,050,988	1,638,887	149,074	-	96,185	14,994,670
Sundry creditors	4,589,351	-	-	-	-	4,654,255	9,243,606
Securities issued	1,069,672	1,461,379	1,075,596	11,117,311	-	-	14,723,958
Funds borrowed	2,387,990	16,569,149	10,021,246	3,621,308	-	1,491	32,601,184
Other liabilities	2,894	729	59,528	351,888	9,932	32,756,476	33,181,447
Total liabilities	**74,631,609**	**40,260,184**	**16,988,513**	**15,578,914**	**10,134**	**87,550,367**	**235,019,721**
On balance sheet long position	-	-	43,217,482	27,531,391	13,010,240	-	83,759,113
On-balance sheet short position	(31,885,272)	(14,734,722)	-	-	-	(37,139,119)	(83,759,113)
Off-balance sheet long position	4,654,568	10,976,595	-	-	-	-	15,631,163
Off-balance sheet short position	-	-	(362,930)	(2,137,413)	(9,188,319)	-	(11,688,662)
Total position	**(27,230,704)**	**(3,758,127)**	**42,854,552**	**25,393,978**	**3,821,921**	**(37,139,119)**	**3,942,501**

Equity Risk

Equity risk is the risk related to potential losses that the Group might incur due to adverse movements in the prices of stocks and equity indices. The Group holds a limited portfolio of stocks, the majority of which are traded on the Borsa İstanbul, and also retains positions in stock and equity index derivatives traded in Turkish and international exchanges.

Foreign Exchange Risk

Foreign exchange risk is the risk related to the potential loss due to adverse movements in foreign exchange rates. The Group's foreign exchange risk derives from its open currency position ("*OCP*").

The Group trades in all major currencies, holding mainly short-term positions for trading purposes and for servicing its institutional, corporate, domestic and international clients. According to the Bank's strategy, the end-of-day OCP is required to comply with regulatory limits.

The Group evaluates its exposure for the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group enters into foreign currency forward transactions and swap transactions to decrease foreign currency position risk. The Group also engages in foreign option transactions. The position limit of the

Group related to foreign exchange risk is determined according to the foreign currency net position standard ratio determined by the BRSA.

Turkish banking authorities regulate and monitor the net open position maintained by banks, as discussed in "Turkish Regulatory Environment." The Bank's net foreign currency position is closely monitored by the Treasury Department with respect to a limit set by the BRC.

The Bank's consolidated subsidiaries and its associates determine position limit related with foreign exchange risk as determined by the applicable regulatory bodies. The Bank's Bahrain branch conducts its operations in U.S. dollars.

The following table sets forth the Group's net foreign currency position after including off-balance sheet positions (notional values of derivatives) as of the indicated dates.

	Net foreign currency position
	(TL millions)
As of 31 December 2018	(252.5)
As of 31 December 2019	(920.7)
As of 31 December 2020	(2,053.3)

Foreign Exchange Risk Concentration. The Group's exposure to foreign exchange risk as of 31 December 2020, before taking into consideration the effect of hedging, is presented in the following table. As described above, the end-of-day OCP is required to comply with regulatory limits. Compliance is achieved by entering into appropriate offsetting positions. Consequently, the net exposure to each foreign currency is maintained at low levels and within the regulatory limits. The Group publicly reports its foreign exchange risk concentration only on an annual basis.

	Euro	**U.S. Dollars**	**Others**	**Total**
Assets		*(TL thousands)*		
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metal) and balances with the Central Bank	10,655,063	13,011,260	1,234,394	24,900,717
Due from banks	508,102	818,415	150,701	1,477,218
Financial assets measured at fair value through profit/loss	728,089	1,070,464	514	1,799,067
Money market placements	-	92,610	-	92,610
Financial assets at fair value through other comprehensive income	1,960,627	7,426,922	-	9,387,549
Loans and receivables	32,200,132	18,240,554	166,372	50,607,058
Investment securities at amortised cost	1,617,836	7,565,887	-	9,183,723
Derivative financial assets hedging purposes	14,434	532,982	-	547,416
Tangible assets	38	-	18	56
Other assets	2,848,851	2,451,896	447	5,301,194
Total assets	**50,533,172**	**51,210,990**	**1,552,446**	**103,296,608**
Liabilities				
Bank deposits	525,537	3,428,155	208,451	4,162,143
Foreign currency deposits	16,133,583	44,555,559	17,139,438	77,828,580
Money market borrowings	1,147,403	8,965,547	-	10,112,950
Funds provided from other financial institutions	11,228,723	18,516,692	13	29,745,428
Securities issued	-	11,228,075	723,346	11,951,421
Sundry creditors	2,524,874	2,170,941	6,674	4,702,489
Derivative financial liabilities hedging purposes	71,918	1,569,579	-	1,641,497
Other liabilities	903,879	1,338,114	1,315	2,243,308
Total liabilities	**32,535,917**	**91,772,662**	**18,079,237**	**142,387,816**
Net balance sheet position	17,997,255	(40,561,672)	(16,526,791)	(39,091,208)
Net off-balance sheet position	**(18,063,554)**	**38,578,070**	**16,523,357**	**37,037,873**

As of 31 December 2020, the Group's net foreign currency exposure was a short position of TL 2.1 billion (compared to short positions of TL 0.3 billion and TL 0.9 billion as of 31 December 2018 and 2019, respectively) resulting from an on balance sheet short position of TL 39.1 billion (compared to TL 21.7 billion and TL 27.5 billion as of 31 December 2018 and 2019, respectively) and an off balance sheet long position of TL 37.0 billion (compared to a TL 21.4 billion and TL 26.6 billion long position as of 31 December 2018 and 2019, respectively).

Market Risk

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

Value-at-Risk. As of and for the years ended 31 December 2018 and 2019, the Risk Management Division calculated daily value-at-risk ("*VaR*") for the Bank's trading book and total portfolio, which consisted of its trading book and available-for-sale portfolio. As of 1 January 2020, the Risk Management Division started to calculate daily VaR for only the Bank's trading book and, as a result, information regarding the Bank's VaR as of and for the year ended 31 December 2020 is not comparable to the information presented for earlier periods. The Bank has adopted a historical simulation methodology with a 99% confidence interval and a one-day holding period. Overall "Bank Risk Tolerance" and VaR limits for each risk factor are determined in order to manage the market risk efficiently and to keep the market risk within the desired limits. The Group's Risk Management Department monitors VaR balances daily for compliance with the limits. Periodic stress tests and scenario analyses are used to support the results of the VaR analysis.

The limits have been determined by reference to worldwide best practices; they refer not only to specific types of market risk, such as interest rate, foreign exchange and equity risk, but also to the overall market risk of the Bank's trading and available for sale portfolios.

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

	As of and for the year ended 31 December 2018			
	Total VaR	**Interest rate VaR**	**Equity VaR**	**Foreign exchange risk VaR**
VaR		*(TL thousands)*		
As of period end	64,868	64,498	-	880
Period Average	74,207	76,145	1	901
Period Maximum	238,625	243,361	76	4,524
Period Minimum	15,845	15,929	-	101

	As of and for the year ended 31 December 2019			
	Total VaR	**Interest rate VaR**	**Equity VaR**	**Foreign exchange risk VaR**
VaR		*(TL thousands)*		
As of period end	64,605	64,480	-	212
Period Average	75,783	76,610	-	2,592
Period Maximum	130,334	132,184	-	9,953
Period Minimum	44,579	44,888	-	117

	As of and for the year ended 31 December 2020			
	Total VaR	Interest rate VaR	Equity VaR	Foreign exchange risk VaR
VaR		*(TL thousands)*		
As of period end	7,039	1,924	-	212
Period Average	13,903	2,347	-	631
Period Maximum	22,431	4,628	-	3,967
Period Minimum	4,092	673	-	93

As noted above, as of 1 January 2020, the Bank started to calculate VaR for the Bank's trading book whereas, prior to such date, it was calculated for the Bank's trading book and total portfolio. For comparison purposes, total VaR for only the Bank's trading book increased to TL 7,039 thousand as of 31 December 2020 from TL 5,586 thousand as of 31 December 2019, which itself had declined from TL 6,333 thousand as of 31 December 2018. The Bank uses a historical methodology, with a 252-day observation period, and its volatility estimation is based upon an exponentially weighted moving average ("*EWMA*"). EWMA captures the dynamic features of volatility, in which the latest observations carry the highest weight in the volatility estimation. For example, observations of the most recent 100 days of the 252 days' observation period cover 95% of the volatility estimation.

The Bank also performs back-testing in order to verify the predictive power of its VaR model. There were six excesses in back-testing results in 2020 due to high volatility resulting from the COVID-19 pandemic. Back-testing is used to determine whether a change in the value of the portfolio, as a result of actual changes in risk factors, corresponds to the VaR predicted by the model for the same period of time. Having experienced no excesses in the past year verifies the predictability power of the model. In addition, the Bank performs stress test analyses and stress VaR calculation on its trading book on a monthly basis. The scenarios refer to extreme movements of interest rates and foreign exchange prices that are based upon the latest financial crises that have taken place in Turkey. The stress period for stress VaR calculation is defined from October 2007 to October 2008 in order to cover the 2008 global financial crisis.

In addition, the Bank performs stress test analyses on its trading and available-for-sale portfolios on a monthly basis. The scenarios refer to extreme movements of interest rates and foreign exchange prices that are based upon the latest financial crises that have taken place in Turkey.

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

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

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

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

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

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

Liquidity Risk

Liquidity risk is defined as the current or prospective risk to earnings and capital arising from the institution's inability to meet its liabilities when they come due without incurring unacceptable losses. It reflects the potential mismatch of payment obligations to incoming payments, taking into account unexpected delays in repayments (term liquidity risk) or unexpectedly high payment outflows (withdrawal/call risk). Liquidity risk involves both the risk of unexpected increases in the interest expense the portfolio of assets at appropriate maturities and rates and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

The primary objectives of the Group's asset and liability management are to ensure that sufficient liquidity is available to meet the Bank's commitments to its customers in respect of the repayment of deposits and ATM transactions, to satisfy the Bank's other liquidity needs and to ensure compliance with the capital adequacy and other applicable Central Bank regulations. Liquidity risk arises in the general funding of the Bank's financing and trading activities and in the management of investment positions. It includes the risk of increases in funding costs and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The ALCO is responsible for forming and overseeing the implementation of the asset and liability management strategy of the Bank. The objective of the Bank's asset and liability management strategy is to structure the Bank's balance sheet in view of liquidity risk, maturity risk, interest rate risk and foreign exchange risk, while ensuring that the Bank has adequate capital and is using capital to maximise net interest income. The ALCO sets the Bank's policies for interest rate levels and terms for loans and deposits and makes decisions regarding maturities and pricing of loans and deposits. In addition, members of the Treasury Department, including the group managers, managers, assistant managers and fixed income and foreign exchange traders, meet each business day to monitor the risk exposure of the Bank, particularly the Bank's net foreign currency short position and the daily interest rate gap and duration.

The Bank's Treasury Department is responsible for managing and implementing the Bank's asset and liability positions on a day-to-day basis and ensuring the availability of funds for all of the Bank's products and services distributed through the Bank's branch network. The Treasury department measures and evaluates on a daily basis the Bank's risk exposure and unfavourable changes in market conditions and regularly monitors the short-term mismatches between assets and liabilities.

The Group's primary funding source is total deposits (customer deposits and due to other banks), which constituted 53.1%, 56.3% and 55.4% of total liabilities as of 31 December 2018, 2019 and 2020, respectively. The Bank's management believes that total deposits provide it with a stable funding base.

As of 31 December 2020, demand deposits, of which 7.6% were Turkish Lira-denominated, constituted 38.4% of the Group's total deposits. As of the same date, Turkish Lira-denominated deposits represented 29.5% of the total time deposits (which represented the remainder of the Group's total deposits). The following table sets forth the deposit breakdown by currencies as of each of the indicated dates:

	As of 31 December		
	2018	**2019**	**2020**
Demand deposits	**18.0%**	**24.2%**	**38.4%**
Turkish Lira-denominated	6.2%	8.4%	7.6%
Foreign currency-denominated	11.8%	15.9%	30.8%
Time deposits	**82.0%**	**75.8%**	**61.6%**
Turkish Lira-denominated	45.2%	36.0%	29.5%
Foreign currency-denominated	36.8%	39.8%	32.1%
Total deposits[(1)]	**100.0%**	**100.0%**	**100.0%**
Turkish Lira-denominated	51.4%	44.3%	37.1%
Foreign currency-denominated	48.6%	55.7%	62.9%

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

The following table sets forth the maturity profile of deposits as of each of the indicated dates:

	As of 31 December		
	2018	**2019**	**2020**
		(TL thousands)	
Demand deposits	**15,676,090**	**25,562,557**	**50,041,960**
Turkish Lira-denominated	5,424,393	8,816,603	9,921,087
Foreign currency-denominated	10,251,697	16,745,954	40,120,873
Up to 1 month	**9,925,929**	**21,574,070**	**20,209,736**
Turkish Lira-denominated	7,249,416	13,033,508	11,782,651
Foreign currency-denominated	2,676,513	8,540,562	8,427,085
From (excluding) 1 month to (including) 3 months	**46,161,570**	**49,236,302**	**49,925,374**
Turkish Lira-denominated	22,068,267	23,119,873	22,731,621
Foreign currency-denominated	24,093,303	26,116,429	27,193,753
From (excluding) 3 to (including) 12 months	**10,927,810**	**6,296,771**	**6,669,184**
Turkish Lira-denominated	7,122,012	623,226	2,634,580
Foreign currency-denominated	3,805,798	5,673,545	4,034,604
From (excluding) 1 year to (including) 5 years	**4,134,817**	**2,830,553**	**3,428,602**
Turkish Lira-denominated	2,899,009	1,182,777	1,214,194
Foreign currency-denominated	1,235,808	1,647,776	2,214,408
Total deposits[(1)]	**86,826,216**	**105,500,253**	**130,274,856**
Turkish Lira-denominated	44,763,097	46,775,987	48,284,133
Foreign currency-denominated	42,063,119	58,724,266	81,990,723

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

Insurance Risk

The insurance policies issued by the Group carry a degree of risk. The risk under any insurance policy is the possibility of the insured event resulting in a claim. By the very nature of an insurance policy, risk is based upon fortuity and is therefore unpredictable.

The principal risk that the Group may face under its insurance policies is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This could occur because the frequency or severity of claims is greater than estimated.

The above risk exposure is mitigated, to some extent, by diversification across a large portfolio of insurance policies. The variability of risks is also improved by the careful selection and implementation of the Group's underwriting policy, reinsurance strategy and internal guidelines, within an overall risk management framework. Pricing is based upon assumptions and statistics with regard to trends, current market conditions and past experience.

Reinsurance arrangements include proportional, optional facultative, excess of loss and catastrophic coverage.

Operational Risk

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people or systems or from external events.

Operational risk is managed based upon a framework for identifying, measuring, monitoring and managing all risks within the scope of the definition of operational risk. All the activities and processes of the Bank are identified and documented in its "Activity Process Model." Activity-based operational risks are identified through "risk control self assessment" ("*RCSA*"), which is an annual base self-assessment process. The operational risks that the Bank faces have been identified, assessed and categorised by the RCSA process since 2007. Operational loss data collection, which started in January 2005, enables the Bank to be compliant with "Advanced Approaches" of Basel II, which is a report published in 2004 by the Basel Committee entitled "International Convergence of Capital Measurement and Capital Standards: a Revised

Framework" that set out a new international capital adequacy framework ("*Basel II*"). While loss data are accumulated to provide meaningful statistical data, business processes (where improvements are required) are defined based upon the results. The "Structured Scenario Analysis" process takes place on an annual basis, involving the engagement of senior business experts in a series of workshops. A key risk indicators collection and monitoring process aims to provide metrics that allow the proactive and/or retroactive monitoring of risk trends. The Bank's Operational Risk Committee defines necessary improvement actions.

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

Model Validation

The Bank's Model Validation Unit is responsible for assessing the predictive ability of the Bank's risk estimates and its use of ratings in credit processes. The unit's main goal is to attain the maximum benefit from the employment of these models while staying in compliance with regulatory requirements. Validations of credit cards, retail loans and SME application and behavioural scorecards are undertaken periodically. The performances of existing scorecards are also monitored. Moreover, the models of the treasury control unit and market risk management are examined and the results reported to management. The implementation of the IT and database infrastructure for periodic monitoring of the scorecard performances is on-going.

Anti-Money Laundering and Combating the Financing of Terrorism

Please see "The Group and its Business – Anti-Money Laundering and Combating the Financing of Terrorism."

Capital Adequacy

The Group is required to comply with capital adequacy guidelines promulgated by the BRSA, which are based upon the standards established by the BIS. These guidelines require banks to maintain adequate levels of regulatory capital against risk-bearing assets, off-balance sheet exposures, market and other risk positions. The 2013 Equity Regulation, which entered into force on 1 January 2014, defines the capital of a bank as the sum of: (a) principal capital (*i.e.*, tier 1 capital), which is composed of core capital (*i.e.*, CET1 capital) and additional principal capital (*i.e.*, additional tier 1 capital), and (b) supplementary capital (*i.e.*, tier 2 capital) *minus* capital deductions. The Capital Adequacy Regulation, which entered into force on 31 March 2016, provides that: (i) both the unconsolidated and consolidated minimum CET1 capital adequacy ratios are 4.5% and (ii) both unconsolidated and consolidated minimum tier 1 capital adequacy ratio are 6.0% (which are in addition to the previously existing requirement for a minimum total capital adequacy ratio of 8.0%).

The following table sets forth the Group's consolidated capital adequacy ratios as of the indicated dates, calculated in accordance with the 2012 Capital Adequacy Regulation, which was replaced by the Capital Adequacy Regulation as of 31 March 2016.

	As of 31 December		
	2018	**2019**	**2020**
Capital:		(*TL thousands*)	
Tier 1 capital[(1)]	14,320,995	20,386,260	23,537,305
Tier 2 capital[(2)]	4,756,934	4,084,692	4,826,353
Total capital	**19,077,929**	**24,470,952**	**28,363,658**
Deductions[(3)]	(83,538)	(28,525)	(47,793)
Net total capital	**18,994,391**	**24,442,427**	**28,315,865**
Risk-weighted assets (including market & operational risk)	**127,985,545**	**160,490,548**	**179,427,043**
Capital Adequacy Ratios:			
Tier 1 ratio	11.19%	12.70%	13.12%
Total capital ratio[(4)]	14.84%	15.23%	15.78%

(1) Includes share capital, reserves, retained earnings and profit for the period.
(2) Includes revaluation reserve plus general provisions, foreign exchange differences, valuation of marketable securities and subordinated debt.
(3) Includes loans to banks, financial institutions (domestic/foreign) or qualified shareholders in the form of secondary subordinated debts and debt instruments purchased from such parties qualified as primary or secondary subordinated debts and net book values of properties exceeding 50% of the capital and of assets acquired against overdue receivables and held for sale as per the Article 57 of the Banking Law but retained more than five years after foreclosure.
(4) Includes net total capital as a percentage of risk-weighted assets including market and operational risk.

The Bank maintains regulatory capital ratios (in accordance with BRSA calculations) on both a Bank-only and consolidated basis in excess of the regulatory minimum. The target total capital adequacy ratio determined by the BRSA is 12.0%, which (as noted in the table above) was surpassed by the Group as of each 31 December 2018, 2019 and 2020. The Bank's tier 1 ratio and total capital ratio were 11.66% and 15.42%, respectively, as of 31 December 2018, 13.15% and 15.73%, respectively, as of 31 December 2019 and 13.70% and 16.44%, respectively, as of 31 December 2020. See "Turkish Regulatory Environment − Capital Adequacy" for additional information.

MANAGEMENT

Overview

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

As of the date of this Base Prospectus, the Board of Directors consists of 11 members. The articles of association provide that the Board of Directors shall consist of a minimum of five members, with the General Manager of the Bank (and the Deputy General Manager in his absence) serving as a delegated member of the Board of Directors, and all other members being elected by the shareholders of the Bank. Members of the Board of Directors can be elected only for three fiscal year terms and can be re-elected or changed at any time. Meetings of the Board of Directors occur at the Bank's head office or (to the extent a written notice is served to the Bank's Chairman, Vice-Chairman and the members of the Board of Directors) the Board of Directors may also convene at another location in İstanbul or in another city in Turkey or abroad. The required meeting quorum at any Board of Directors meeting is a majority of the members. Resolutions must be passed by a majority of the members present at a meeting. In particular, the Bank's Board of Directors has the power to:

(a) establish branches, agencies and representative offices in Turkey and abroad,

(b) approve the Bank's labour rules,

(c) appoint executive vice presidents pursuant to the relevant recommendation of the Bank's Chief Executive Officer,

(d) approve the Group's annual BRSA consolidated financial statements and the Bank's annual BRSA Bank-only financial statements (which are then to be submitted to the approval of the General Assembly of the Bank's shareholders), and

(e) issue bonds in accordance with the Bank's Articles of Association.

The Bank's senior management includes the Bank's Executive Vice Presidents and Heads of Divisions as well as the Coordinators responsible for retail marketing and retail loans.

Board of Directors

The following table sets out the members of the Board of Directors, their position and the date of their appointment to the Board. As of the date of this Base Prospectus, the current term of all members of the Board of Directors is valid until March 2022.

Name	Position	Date first appointed
Dr. Mehmet Ömer Arif Aras	Chairman	2000
Sinan Şahinbaş	Vice Chairman	2004
Temel Güzeloğlu	Board Member and General Manager (CEO)	2010
Ali Teoman Kerman	Board Member and Head of Audit Committee	2013
Osman Reha Yolalan	Board Member	2016
Fatma Abdulla S.S. Al-Suwaidi	Board Member	2016
Yousef Mahmoud H. N. Al-Neama	Board Member	2019
Adel Ali M. A. Al-Malki	Board Member	2019
Noor Mohd J A Al-Naimi	Board and Audit Committee Member	2017
Ramzi T.A. Mari	Board and Audit Committee Member	2016
Durmuş Ali Kuzu	Board and Audit Committee Member	2016

The business address of the members of the Board of Directors is Esentepe Mahallesi, Büyükdere Cad., Kristal Kule Binası, No:215, Şişli, İstanbul, Turkey. Set forth below are brief biographies of each of the current members of the Board of Directors.

Chairman

Dr. Ömer A. Aras - Chairman of the Board of Directors and Group CEO

Dr. Ömer A. Aras received an MBA and a PhD degree from Syracuse University's School of Management in 1981, followed by serving for three years at the business school faculty at The Ohio State University until 1984. Dr. Aras has been the Chairman of the Bank since 2010. When the Bank was founded by Mr. Hüsnü Özyeğin in 1987, Dr. Aras was one of the Bank's initial managers, acting as an Assistant General Manager in charge of Commercial and Investment Banking and Treasury until 1989. He then worked as the General Manager (CEO) of the Bank from 1989 to 1995, after which he was an Executive Board Member until 2006. During this period, he also served as the Vice Chairman of Fiba Holding, a board member of the Bank's international subsidiaries in Switzerland, France, Holland, Romania and Russia, the Chairman of Marks & Spencer in Turkey and a board member of Gima, a food retailer.

In 2006, upon the acquisition of the Bank by NBG, Dr. Aras became the Vice Chairman and Group CEO of the Bank. In 2008, he joined the Executive Committee of NBG responsible for its subsidiaries in Serbia, Romania, Albania, Bulgaria and Macedonia. In 2010, Dr. Aras became the Chairman of the Bank. Dr. Aras has also been serving as the Chairman of Cigna Health, the Bank's joint venture in Turkey with Cigna Corporation since 2012. Following the acquisition of the Bank by QNB in June 2016, Dr. Aras has continued to serve as the Chairman of the Bank.

Prior to his career at the Bank, Dr. Aras worked for Citibank (1984 - 1987) and Yapı Kredi Bankası (1987) in Turkey. He also served on the Board of TUSIAD (Turkish Businessmen Association) between 2003 and 2007.

Dr. Aras is, as of the date of this Base Prospectus, serving as the Vice President of the High Advisory Council of TUSIAD and is a Member of the Higher Advisory Board of Darüşşafaka Cemiyeti and the Board of Trustees of Boğaziçi University Foundation.

Sinan Şahinbaş - Vice Chairman of the Board of Directors

Mr. Sinan Şahinbaş graduated from TED Ankara College in 1984 and from İstanbul Technical University, Faculty of Engineering in 1988. Mr. Şahinbaş then received master's degrees in International Relations from İstanbul University and in Finance from Yeditepe University. He began his professional career at the Bank in 1990, where he worked in Treasury, Corporate Banking and Credit Departments until 1997. In 1997, he worked in the establishment of representative offices of Finansbank (Suisse) SA and Finansbank (Holland) NV in Turkey. In 1997, he joined Garanti Bank as the Department Head in charge of the design of a risk management system for subsidiaries and, in that same year, was promoted to Executive Vice President of Garanti Bank (Holland) N.V. After a year, Mr. Şahinbaş moved back to Finansbank (Holland) N.V. and became the General Manager of Finansbank (Holland) N.V. in 1999. In 2001, Mr. Şahinbaş became Senior Executive Vice President at the Bank and, in October 2003, became the General Manager (CEO) of the Bank. After serving as General Manager for seven years, Mr. Şahinbaş became Vice Chairman in April 2010.

Board Members

Temel Güzeloğlu – Chief Executive Officer and Member of the Board of Directors

Born in 1969, Mr. Temel Güzeloğlu has bachelor's degrees in Electrical and Electronics Engineering and Physics from Boğaziçi University. Mr. Güzeloğlu then earned a master's degree in Electrical and Computer Engineering from Northeastern University (Boston, Massachusetts) and an MBA from Bilgi University, İstanbul. Mr. Güzeloğlu worked as the Executive Vice President of the Bank responsible for Consumer Banking until August 2008 and then started serving as the Executive Vice President responsible for Retail Banking (now Consumer and Private Banking) and a member of the Management Committee of the Bank. Mr. Güzeloğlu was appointed as the General Manager (CEO) of the Bank in April 2010. Prior to his career at the Bank, Mr. Güzeloğlu worked for Unilever (1994-96), Citibank (1996-2000) and McKinsey (2000-2004).

Ali Teoman Kerman - Member of the Board of Directors and Head of the Audit Committee

Mr. Kerman received his graduate degree in Economics from University of Hacettepe in 1980 and post graduate degree in Project Planning and National Development from University of Bradford (United Kingdom) in 1982. He began his career at the Turkish Treasury in 1980 and served as the Deputy Economic and Commercial Counsellor at the Washington Embassy and the Acting Executive Director of the Asian Development Bank, Philippines, each for three years. In 1997, he was appointed as the Executive Vice President of Turkish Eximbank and then, in that same year, he returned to the Turkish Treasury as the Director General of the Insurance Department. In July 1999, he was appointed as a Deputy at the Turkish Treasury and, in 2000, he became the Vice President of the newly established BRSA. He also served as a board member of the SDIF. He was appointed as an Advisor to the BRSA Chairman in 2004. He also served as the Chairman of the Board of Directors of Toprak, Generali and Ege Insurance Companies on behalf of the SDIF. Mr. Kerman retired in April 2005 and became the founding partner of the KDM financial consultancy company. He has been a member of the Board of Directors of the Bank since April 2013 and was appointed as the Chairman of the Audit Committee in April 2014. Mr. Kerman has also been a Board Member of Bahcesehir University's Graduate School of Business since May 2018.

Osman Reha Yolalan - Member of the Board of Directors

Mr. Yolalan has a bachelor's degree in Industrial Engineering from İstanbul Technical University, holds a master's degree in Industrial Engineering from Boğaziçi University and a PhD in Management Sciences from Laval University, Quebec-Canada. Mr. Yolalan started his career as a specialist in the Strategic Planning Department of Yapı Kredi Bank. He worked as the Head of Corporate and Economic Research Department from 1994 to 2000 and the Executive Vice President in charge of Financial Analysis and Credit Risk Management from 2000 to 2004. Mr. Yolalan was appointed as the CEO of Yapı Kredi Bank in 2004 and served as a member of the board of directors in 2004 and 2005. He has been working at Tekfen Holding as the Vice President in charge of Corporate Affairs since 2006. He has been teaching as a part-time professor in a number of universities in Turkey and has authored various articles in the field of bank management. Mr. Yolalan was appointed as a member of the Board of Directors of the Bank in June 2016.

Fatma Abdulla S.S. Al-Suwaidi - Member of the Board of Directors

Mrs. Al-Suwaidi holds a bachelor's degree in Accounting, a master's degree in Risk Management, an MBA from Qatar University, a master's degree in Risk Management from New York University and a JD from Hamad Bin Khalifa University. She joined QNB in 1999 and, having previously held the role of Assistant General Manager of QNB's Group Credit department, she is currently serving as the Group Chief Risk Officer and is a board member of QNB Tunisia. She was appointed as a member of the Board of Directors of the Bank in June 2016. She is also a member of the Audit Committee.

Noor Mohd J A Al-Naimi - Member of the Board of Directors

Ms. Al-Naimi earned a bachelor's degree in Business Administration from Qatar University (1999). Ms. Al-Naimi joined QNB in 2000 and, after holding various positions in the Treasury Operations and Control Division of QNB until 2014, she first became the Acting General Manager and then the General Manager of the Group's Treasury. She was appointed as a member of the Board of Directors of the Bank in June 2017. As of the date of this Base Prospectus, she is also a member of the audit committee of the Bank.

Ramzi T.A. Mari - Member of the Board of Directors

Mr. Mari received the Certified Public Accountant Certificate in the State of California, United States (1989) and holds a master's degree in Accounting from the California State University, United States. Mr. Mari joined QNB in 1997 from Jordan Bank and, as of the date of this Base Prospectus, he is the Executive General Manager and the Chief Financial Officer of QNB. As of the date of this Base Prospectus, he is also a board member of Housing Bank for Trade and Finance (Jordan), QNB Al Ahli (Egypt) and QNB Capital LLC. He was appointed as a member of the Board of Directors of the Bank in June 2016.

Durmuş Ali Kuzu - Member of the Board of Directors

Mr. Ali Kuzu received a bachelor's degree in Business Management from the Ankara University's Department of Faculty of Political Sciences in 1996, an MBA from the University of Illinois at Urbana-Champaign in 2008 and a Ph.D degree in Accounting and Finance from Başkent University in 2018. Mr. Kuzu has a Certified Public Accountant and an Independent Auditor Certificate. After beginning his career at Vakifbank in 1996 as a loan analyst and then working as an internal auditor at Türkiye Emlak Bankası from 1997 to 1999, he went on to hold various Vice Presidency and managerial positions at the Turkish Treasury, the Public Oversight Accounting and Auditing Standards Authority and the BRSA. In August 2016, he was appointed as a member of the Board of Directors of the Bank and a member of its audit committee.

Yousef Mahmoud H N Al-Neama

Mr. Al-Neama received his bachelor of science degree in Aviation Management from Florida Institute of Technology in 1989 and his postgraduate degree in Business Administration from Glamorgan University (Wales) in 2004. Before joining QNB, Mr. Al-Neama worked as the Executive Manager of International & Institutional Banking at Doha Bank in 2003 for a year. After Mr. Al-Neama joined QNB in 2005, he served at various positions at QNB, such as the Executive Manager of Corporate Products Marketing and the Executive Manager of International Banking. Subsequently, Mr. Al-Neama served as the CEO of QNB Syria between 2010 and 2011. In 2013, he served as the General Manager of International Business division of QNB. Mr. Al-Neama served as the General Manager of Group Corporate and Institutional Banking at QNB between 2014 and 2019. Since 1 July 2019, Mr. Al-Neama has been serving as the Executive General Manager/ Group Chief Business Officer of QNB. As of the date of this Base Prospectus, Mr. Al-Neama is serving as a Vice Chairman of Mansour Bank in Iraq and the Housing Bank for Trade and Finance in Jordan and is a member of the board of directors of QNB Capital LLC.

Adel Ali M A Al-Malki

Mr. Al-Malki holds a bachelor's degree in Computer Information Technology from Qatar University in 2001. Mr. Al-Malki started his carreer at QNB in 2003 and served in various positions since 2003. Mr. Al-Malki served as a System Analyst between 2003 and 2005 and subsequently worked as the Executive Manager of Development & User Services and Assistant General Manager of Development & User Services from 2007 to 2010. Mr. Al-Malki has been the General Manager of Group Information Technology of QNB since 2010. In May 2019, he was appointed as a member of the Board of Directors of the Bank.

Executive Vice Presidents, Heads of Divisions and Coordinators

The Executive Vice Presidents, Heads of Divisions and Coordinators each report to the Chairman and Vice Chairman and are responsible for supervising and coordinating the activities of their respective units, monitoring progress with regard to the Bank's business targets and goals, approving expenditures, investments and financing within set limits and contributing to the Bank's management regarding the design of the Bank's strategy, setting targets for the Bank and drawing up an annual budget for their respective divisions.

Executive Vice Presidents	Area of responsibility
Köksal Çoban	Treasury
Dr. Mehmet Kürşad Demirkol	Information Technologies, Process Management, Operations ADC
Adnan Menderes Yayla	Financial Control and Planning
Halim Ersun Bilgici	Retail and Commercial Credits
Erkin Aydın	Consumer Banking, Payment Systems, SME and Agricultural Banking
Osman Ömür Tan	Corporate Banking and Commercial Banking
Enis Kurtoğlu	Mass Banking and Direct Sales
Murat Koraş	Payment Systems
Engin Turhan	Commercial Banking and Project Finance
Cumhur Türkmen	Enpara.com
Cenk Akıncılar	Human Resources
Burçin Dündar Tüzün	Corporate and Commercial Credits
Zeynep Kulalar	Corporate and Banking
Ali Yılmaz	Legal Affairs
Derya Düner	QNBEYOND

Heads of Divisions	Area of responsibility
Ersin Emir	Internal Audit
Ahmet Erzengin	Head of Compliance Division and Internal Control
Zeynep Aydın Demirkıran	Risk Management

The business address of the Bank's Executive Vice Presidents, Heads of Divisions and Coordinators is Esentepe Mahallesi, Büyükdere Cad., Kristal Kule Binası, No:215, Şişli, İstanbul, Turkey. Set forth below is brief biographical information regarding the Bank's Executive Vice Presidents, Heads of Divisions and Coordinators who are not also directors.

Executive Vice Presidents

Köksal Çoban

Mr. Köksal Çoban graduated from Middle East Technical University with a degree in Business Administration and earned a master's degree in Finance from City University. He worked at Turk Eximbank between 1990-1995 and at Demirbank between 1995-1997. Mr. Çoban joined the Bank's Treasury in 1997 as International Markets Manager and served as Director of International Markets from 1998 to 2000. Beginning in 2000, he assumed various managerial positions within the Treasury Department. Mr. Çoban was appointed as the Executive Vice President in charge of Treasury in August 2008.

Mehmet Kürşad Demirkol

Mr. Mehmet Kürşad Demirkol graduated from the Faculty of Electrical and Electronics Engineering at Bilkent University in 1995 as student marshal and subsequently earned MSc and PhD degrees from Stanford University. He worked as an Application Engineer at Oracle-Redwood between 1996 and 1997 and as a Research Assistant at Stanford University from 1997 to 1999. He served as Senior Associate at the Atlanta and İstanbul offices of McKinsey & Company from 1999 until 2003. Mr. Demirkol worked as the Group Head of Business Development and Strategy Department at the Bank between 2004 and 2005. He served as Vice President of Information Technology and Card Operations at Finansbank Russia in 2005. He then served as Business Development and Marketing Director at Memorial Healthcare Group from 2005 to 2007. In 2007, he started working as Head of Information Technologies at Vakıfbank and was appointed Chief Information Officer of the bank in the same year. Additionally, he undertook the post of Chief Operating Officer in charge of Operations and Alternative Delivery Channels in 2008. Mr. Demirkol has worked at the Bank as Executive Vice President in charge of Information Technologies and Process Management since October 2010. From November 2011 he has served as the Executive Vice President in charge of IT and Operations.

Adnan Menderes Yayla

Mr. Adnan Menderes Yayla earned a bachelor's degree in Economics from Ankara University, Faculty of Political Sciences in 1985 and an MBA degree from the University of Illinois at Urbana-Champaign in 1994. He worked as an

Assistant Auditor and Auditor for the Ministry of Finance from 1985 to 1995; Project Valuation Division Head for Privatisation Administration from 1995 to 1996; Managing Director, Senior Managing Director and Partner of Pricewaterhouse Coopers offices in İstanbul and London from 1996 to 2000; and Executive Vice President in charge of Financial Control and Risk Management for Türk Dış Ticaret Bankası (Fortis) from 2000 to 2008. Having joined the Bank in May 2008, Mr. Yayla has been serving as Group Chief Financial Officer since that time.

Halim Ersun Bilgici

After receiving a bachelor's degree in Law from Ankara University in 1991, Mr. Halim Ersun Bilgici received a master's degree in Economics from Yeditepe University in 2010. He started his banking career at İktisat Bank in 1992. In 2002, he started working as the Coordinator of Retail Marketing at Şekerbank T.A.Ş. Mr. Bilgici began working at the Bank's Credits Department in 2003. He was appointed as the Executive Vice President in charge of Retail Credits in 2013. Since October 2013, he has been serving as the Executive Vice President responsible for Retail and Commercial Credits.

Erkin Aydın

Mr. Erkin Aydın earned a bachelor's degree in Civil Engineering at Bogaziçi University, Faculty of Engineering in 1997 and an MBA at the University of Michigan, School of Business in 2003. Mr. Aydın started his career as a Business Development and Project Engineer at Guy F. Atkinson Construction in the USA in 1998. Later, he worked as a Project Manager for Clark Construction Group. In 2002, Mr. Aydın joined McKinsey & Company in İstanbul and worked respectively as Consultant, Project Manager and Associate Partner. He started to work for the Bank in 2008 as Head of Housing and Consumer Loans. As of February 2010, Mr. Aydın was appointed Retail Marketing Coordinator and in May 2011 he was appointed as the Executive Vice President in charge of Retail Banking (now Consumer and Private Banking). As of October 2013, he became the Executive Vice President responsible for Consumer Banking and Payment Systems and he has been serving as Executive Vice President for Consumer Banking, SME Banking and Corporate Institutions since September 2017.

Osman Ömür Tan

Mr. Osman Ömür Tan earned a bachelor's degree in Statistics from Hacettepe University. He began working at Yapı Kredi Bankası as a Management Trainee in 1995 and joined the Bank in 1998. At the Bank, he has served respectively as Corporate Branch Customer Relationship Manager, Corporate Branch Manager, Group Manager in charge of Head Office Key Accounts and Group Manager in charge of Corporate Banking. Mr. Tan was appointed Executive Vice President in charge of Corporate Banking, Structured Finance and Trade Finance in October 2011. From October 2013 he has been the Executive Vice President responsible for Corporate and Commercial Banking.

Enis Kurtoğlu

Mr. Enis Kurtoğlu graduated from the Electrics and Electronics Engineering Department of Boğaziçi University in 1999 and then completed an MBA at University of London. He served as the Marketing Director at Citibank A.Ş. between 1999 and 2010. After working as the Mass Banking Senior Vice President between 2010 and 2012 and the Mass Banking Director between 2012 and 2014 at the Bank, he served as the Mass Banking and Direct Sales Director from 2014 to May 2015. From May 2015 to June 2016, he served as the Mass Banking and Direct Sales Executive Vice President, at which point he became the Retail and Private Banking Executive Vice President.

Murat Koraş

Mr. Murat Koraş graduated from the Industrial Engineering Department of Boğaziçi University in 1999 and then completed an MBA at Özyegin University. He worked as a specialist at the Bank between 1999 and 2001. In 2004, he started working as the Assistant Manager of Information Technology Project Management at Aviva. Since September 2004, he served as the Strategy Office Assistant Manager, Data Mining Assistant Manager, Analytic Marketing Vice President and Portfolio Management and Analytics Senior Vice President of the Bank until 2012. Mr. Koraş served as the Bank's Consumer Payment Systems Director from 2012 to 2015. Since May 2015, he has been serving as the Payment Systems Executive Vice President.

Engin Turhan

Mr. Turhan started at the Bank in 2003 as Management Trainee, in MT programme. After being assigned in different departments in the Loans division until 2005, he joined the Project Finance area and worked at expert and managerial levels in Project Monitoring, Project Evaluation, Corporate Finance and Syndications departments. After being assigned as Corporate Banking Structured Finance and Syndication Group Manager in 2012, Derivatives Sales function was also affiliated to him in 2014 and he was appointed as Director. In 2015, Commercial Banking was also affiliated to Mr. Turhan's functions and, since June 2016, he has officiated as Executive Vice President responsible for Commercial Banking and Project Finance. Having graduated from Economics Department in Marmara University Faculty of Economics and Administrative Sciences, Mr. Turhan has also Master's Degree in International Economics Politic and Business Administrative.

Cumhur Türkmen

Mr. Cumhur Türkmen graduated from the Mathematic Engineering Department at Yıldız Technical University. He worked as an Application Programmer in Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş. from 1998 to 2000. He took office as a Supervisor in the Treasury Department of the Bank in 2000. Mr. Türkmen worked in IBTECH between 2005 and 2010 and then he returned to the Bank and served in the following positions: the Business Development Corporation/Commercial Unit Manager, the CEO Office Unit Manager, the CEO Office Division Manager, the Enpara.com Technology and Operation Management Division Manager and the Enpara.com Digital Banking Director. Thereafter, he was appointed as an Executive Vice President in charge of Enpara.com on 11 June 2018.

Cenk Akıncılar

Mr. Cenk Akıncılar graduated from the Mathematics Department of the Faculty of Science and Literature at Eskişehir Anadolu/Osmangazi University in 1996. After working as a mathematics teacher for three months, he worked as the Senior Officer responsible for Salary and Industrial Relations at the Human Resources Department of Pamukbank from 1998 until May 2003. Mr. Akıncılar joined the Bank in May 2003. He has worked as the Human Resources Assistant Manager responsible for Recruitment, System Development and Projects, the Manager of the Organisational Development, Performance, Strategic Reporting and Revenue Management and the Manager of the Employee Rights and Systemic Authorisation Management, and then became the Division Manager of Human Resources Management Systems and Revenue Management, Employee Rights and Systemic Authorisation Management Department. Mr. Akıncılar was assigned as the Director of Human Resources in July 2018 and was appointed as the Human Resources Executive Vice President as of January 2019.

Burçin Dündar Tüzün

Ms. Burçin Dündar Tüzün graduated with a degree in Civil Engineering from the Engineering Faculty, Middle East Technical University in 1997 and obtained an MBA from Bilkent University's Business Administration Faculty in 1999. She started her banking career as assistant auditor at the Bank's Internal Audit Department in 1999, joined the Bank's Corporate Credits Allocation Department in 2005 and has since served the Bank as corporate credits manager, division manager and department manager. Ms. Tüzün was appointed Corporate and Commercial Credits Director responsible for Corporate, Commercial and Structured Finance Credits Allocation in 2016 and then added responsibility for Credits Monitoring and Financial Institutions Credits Management in 2018. She has been serving as an Executive Vice President since December 2019.

Zeynep Kulalar

Ms. Zeynep Kulalar graduated from the Department of Business Administration at Middle East Technical University's Faculty of Economics and Administrative Sciences Department in 1994. She served as Portfolio Assistant Manager at Yapı Kredi Bankası from September 1994 to December 2002 and then served as Corporate Portfolio Assistant Manager at MNG Bank from January 2003 until July 2005, at which time she joined the Bank as Corporate Marketing Team Assistant Manager. At the Bank, she has served as Key Customer Vice President, Corporate Banking Sales and Marketing Vice President, Performance & Foreign Trade and Portfolio Management Senior Vice President, Foreign Trade and Portfolio

Management Division Manager and Corporate Banking Portfolio Management Division Manager. Ms. Kulalar was appointed as the Corporate Banking Director in June 2016 and has been serving as Executive Vice President since December 2019.

Ali Yılmaz

Mr. Ali Yılmaz graduated from the Law Faculty of Istanbul University in 1999, studied finance in Canada in 2002 and completed the Executive MBA program at Koç University's Graduate School of Business in 2008. Mr. Yılmaz served as a Law Apprentice at Demiryol Law Office from September 1996 to December 1998, at Canaz Law Office from October 1999 to June 2000 and at Sarıgül Law Office from June 2000 to June 2001. He then served as Legal Director at Fortis Bank A.Ş from June 2003 through December 2009 and as a member of the Board of Directors and Head of Legal Affairs at Société Générale SA Turkey from January 2010 through October 2016. Mr. Yılmaz joined the Bank as Legal Consultancy Unit Head in November 2016 and was assigned to the role of Head of Legal Affairs in May 2018. He has been serving as Executive Vice President of Legal Affairs since January 2020.

Derya Düner

Ms. Derya Düner graduated from the School of Engineering at Bogazici University with a Bachelor of Science degree in Industrial Engineering. From 2003 to 2007, she worked at Mercedes Benz and Pfizer in several positions in marketing, project management and strategy. In 2007, she joined the Bank as a Manager in Retail Banking (now Consumer and Private Banking). After serving in various capacities, she acted as one of the founding executives of Enpara.com throughout its set-up. After Enpara.com's launch in 2012, Ms. Düner served as the Director of Customer Management and then, in 2015, she also took on the responsibilities for launching and managing the Bank's Customer Experience Management Office. In January 2018, she founded the Bank's office of QNBEYOND, which is QNB's global innovation centre to support startups and entrepreneurs in the financial services industry, and managed the department as the Director responsible for innovation. Ms. Düner was appointed as the Executive Vice President for QNBEYOND in January 2020.

Heads of Divisions

Ersin Emir - Head of Internal Audit

Mr. Ersin Emir graduated from Middle East Technical University in 1994 with a bachelor's degree in Business; he earned a master's degree in Organisational Psychology from the University of London in 2010. He started his banking career in 1995 as Assistant Auditor in İşbank. Mr. Emir then started working at the Internal Audit Department of the Bank as Auditor in 1998. He was appointed Vice President of Internal Audit in 2004 and assumed responsibilities of the Head Office and Subsidiary Audits in the last two years in this capacity. Mr. Emir was appointed Head of Internal Audit in March 2011.

Ahmet Erzengin - Head of Internal Control and Compliance

After graduating from Middle East Technical University, Department of Public Administration, Mr. Ahmet Erzengin worked at Pamukbank from 1988 to 1993. He joined the Bank in 1993 as Banking Regulations Manager. In 1996, Mr. Erzengin was appointed Head of Operations overseeing the operations of the branches and headquarters. With the establishment of the Head of Operations Center in 2001, he served as Operations Center until 2005. At the beginning of 2006, Mr. Erzengin assisted in the establishment of the Compliance Department and was appointed Head of Compliance. In September 2012, Mr. Erzengin was appointed Head of Internal Control and Compliance.

Zeynep Aydın Demirkıran - Head of Risk Management

Mrs. Zeynep Aydın Demirkıran has a bachelor's degree in Economics from Bilkent University and master's degree in Economics from Georgetown University in Washington DC. She taught at Georgetown University until December 1998. Mrs. Demirkıran then worked as a Specialist within the Risk Management Department of Türkiye İş Bankası between 1999 and 2002. She joined the Bank in 2002 and assumed the responsibilities of Senior Risk Manager and Basel II Programme Coordinator. In September 2011, Mrs. Demirkıran was appointed Head of Risk Management.

Board Committees

As of the date of this Base Prospectus, there are five committees established under the Board of Directors of the Bank. Some information on each such committee is set out below:

Audit Committee. For a description of the Audit Committee, see "– Executive Committees of the Bank – Audit Committee."

Credit Committee. For a description of the Credit Committee, see "– Executive Committees of the Bank – Credit Committee."

Remuneration Committee. The Remuneration Committee defines the remuneration and incentive policies for the Board of Directors and senior management and advises the Board of Directors on such matters in order to ensure the compliance of such policies with the Bank's ethical values, strategy implementation and targets.

Board Risk Committee. For a description of the Board Risk Committee, see "– Executive Committees of the Bank – Board Risk Committee."

Corporate Governance Committee. For a description of the Corporate Governance Committee, see "– Executive Committees of the Bank – Corporate Governance Committee."

Executive Committees of the Bank

As of the date of this Base Prospectus, the Bank has eight executive committees.

Credit Committee. The mission of the Credit Committee is to examine, evaluate and approve the loan limits that fall under the authority of the Board of Directors and the Credit Committee in keeping with the Bank's loan strategies and the relevant legislation, to keep the quality of the Bank's loan portfolio under control and to take part in and manage the release process of loans within the framework of the risk/return relationship. The Credit Committee meets once each week.

Audit Committee. Pursuant to Article 24 of the Banking Law, the Audit Committee was established to monitor, on behalf of the Board of Directors, the effectiveness, functioning and adequacy of the Bank's internal controls and procedures and accounting and reporting systems, in accordance with applicable laws. The Audit Committee monitors the integrity and reliability of information generated from those controls and procedures, makes the necessary preliminary evaluations required for selection of the independent external audit firms and rating, evaluation and outsourcing of organisations by the Board of Directors, regularly monitors the operations of such organisations selected by the Board of Directors with whom contracts are made and ensures that the internal audit activities of subsidiaries subject to consolidation are carried out on a consolidated basis and coordinated with the internal audit activities of the Bank. The Audit Committee meets on a quarterly basis. The Audit Committee consists of a minimum of two members appointed from among the non-executive members of the Board of Directors.

Board Risk Committee. The BRC determines risk management policies and strategies, reviews risks to which the Bank is exposed, monitors the implementation of risk management strategies and brings important risk issues to the attention of the Board of Directors. The BRC meets once each month. For additional information on the BRC, see "Risk Management – Risk Management Governance – Board Risk Committee."

Corporate Governance Committee. The Bank established a Corporate Governance Committee in 2005 to strengthen the Bank's corporate governance policies and its level of adherence to corporate governance principles and to submit proposals to the Board of Directors. The committee annually issues a report on the consistency with Corporate Governance Principles, which report is submitted to the General Assembly and is made available on the website of the Bank. See also "- Corporate Governance."

Asset / Liability Committee. The ALCO proposes asset and liability management procedures and policies to the Board of Directors which are compatible with applicable laws. The ALCO is responsible for executing the policies and

managing structural interest rate risk within the limits defined by the Board of Directors. The ALCO meets twice each month, reviews critical risk issues and determines the strategies for asset and liability management.

Corporate Credit Policies Committee. The Corporate Credit Policies Committee is responsible for defining corporate credit policies, continuously monitoring the quality of the Bank's non-retail credit portfolio and granting loans with the objective of maximising the Bank's profitability within a risk-return framework. The Corporate Credit Policies Committee meets once each month.

Retail Credit Policies Committee. The Retail Credit Policies Committee is responsible for defining retail credit policies, continuously controlling the quality of the Bank's retail credits and credit cards portfolios and managing these portfolios with the objective of maximising the Bank's profitability within a risk-return framework. The Retail Credit Policies Committee meets once each month.

Operational Risk Management Committee. The Operational Risk Management Committee defines operational risk policies, reviews operational risk issues and defines the necessary actions to minimise operational risks. The Operational Risk Management Committee meets on a quarterly basis.

Corporate Governance

General

The Bank's corporate governance practices meet the mandatory requirements imposed by the laws of Turkey, the BRSA, the CMB and other applicable regulations, as well as the articles of association of the Bank. The Bank's corporate governance practices are based upon best international practices and form a framework that seeks to ensure consistency and efficiency in the Board's practices and the governance of the Bank and the Group. The Bank's corporate governance practices also seek to ensure strategic direction, management supervision and adequate control of the Bank with the ultimate goal of increasing the long-term value of the Bank and protecting the general corporate interest. For additional information, see "Risk Management – Risk Management Governance."

CMB Corporate Governance Principles

The Communiqué No. II-17.1 on Corporate Governance (as amended, the "*Corporate Governance Communiqué*") provides certain mandatory and non-mandatory corporate governance principles as well as rules regarding related-party transactions and a company's investor relations department. Some provisions of the Corporate Governance Communiqué are applicable to all companies incorporated in Turkey and listed on the Borsa İstanbul, whereas some others are applicable solely to companies whose shares are traded in certain markets of the Borsa İstanbul. The Corporate Governance Communiqué provides specific exemptions and/or rules applicable to banks that are traded on the Borsa İstanbul. See "Turkish Regulatory Environment - Corporate Governance Principles."

Compensation

The members of the Board of Directors receive a fee for attending meetings of the Board of Directors. In 2018, 2019 and 2020, this fee amounted to TL 1,166.8 thousand, TL 2,173.9 thousand and TL 2,348.7 thousand, respectively, in the aggregate for all directors. Members of the Board of Directors do not receive any additional compensation for acting as directors; *however*, certain directors are employees of the Bank and receive compensation for such employment.

In 2018, 2019 and 2020, a total of TL 62.4 million, TL 79.8 million and TL 102.0 million, respectively, was paid to the Board members based upon their performance. Loans extended to Board members and managers are limited under Article 50 of the Banking Law. No loans are granted to Board members and managers above these limits. No members of the Board of Directors or any of the Bank's executive officers have any options in respect of the Bank's share capital.

Additionally, the amount of the salary, remuneration and expenses paid and benefits in kind granted to the Bank's senior management (Executive Vice Presidents, Heads of Divisions and Coordinators) in 2018, 2019 and 2020 was TL 40.4 million, TL 53.3 million and TL 63.8 million, respectively.

Conflicts of Interests

There are no actual or potential conflicts of interest between the duties of any of the members of the Board of Directors, Executive Vice Presidents, Heads of Divisions or Coordinators and their respective private interests or other duties.

Auditors

Statutory Auditors. The Turkish Commercial Code (Law No 6102), which entered into force on 1 July 2012, abolished the requirement for joint stock companies to have statutory auditors, which requirement had existed under the former Turkish Commercial Code (Law No. 6762) since 1956. As a result, Turkish joint stock companies were required to amend their articles of association to comply with the new provisions of the Turkish Commercial Code (Law No 6102) by 1 July 2013. At the General Assembly Meeting, dated 28 March 2013, as per the relevant provisions of the Banking Law and the Turkish Commercial Code (Law No 6102), Deloitte was appointed as the Independent Auditor of the Bank until the end of 2013 and, as per Article 399 of the Turkish Commercial Code (Law No 6102), Deloitte was appointed as the "group auditor" until the first ordinary General Assembly Meeting convened in 2014. EY was appointed as the "group auditor" for each year from 2014 through 2020 in the ordinary General Assembly Meeting in each of such years. At the General Assembly Meeting, dated 25 March 2021, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("*PwC*") was appointed as the "group auditor" for 2021.

External Auditors. The BRSA and CMB regulations require the Bank to undergo an external audit on a quarterly basis. Under the BRSA regulations, the external audit firms and external auditors must fulfil certain requirements to be qualified as "independent." A bank may retain the independent audit services of the same external audit firm for a maximum of seven consecutive fiscal years. The same individual auditors are not permitted to carry out audit services for the same bank for more than seven consecutive fiscal years. Independent auditors are held liable for damages and losses to third parties and are subject to stricter reporting obligations. Professional liability insurance is required for: (a) independent auditors and (b) evaluators, rating agencies and certain other support services (if requested by the service-acquiring bank or required by the BRSA). Furthermore, banks are required to consolidate their financial statements on a quarterly basis in accordance with certain consolidation principles established by the BRSA. The year-end consolidated financial statements are required to be audited whereas interim consolidated financial statements are subject to only a limited review by independent audit firms. In 2014, the Regulation regarding the Internal Systems and Internal Capital Adequacy Assessment Process of Banks established new standards as to principles of internal audit and risk management systems to bring such standards into compliance with Basel II requirements.

The BRSA Financial Statements of the Bank and the Group incorporated into this Base Prospectus have been audited by EY, independent auditor, as stated in its report incorporated by reference herein.

Internal Controls

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

SHARE CAPITAL AND OWNERSHIP

Share Capital

The Bank has adopted the authorised share capital system that, under Turkish law, allows the Bank to increase its issued share capital up to its authorised share capital amount upon resolution by its Board of Directors and without need for further shareholder approval. The authorised share capital of the Bank is TL 12.0 billion, represented by 120.0 billion registered ordinary shares, with a par value of TL 0.10 each. As of 31 December 2020, the issued and paid-in share capital of the Bank was TL 3.4 billion, consisting of 33.5 billion ordinary shares, each having a nominal value of TL 0.10. The total equity of the Group as of 31 December 2020 amounted to TL 28 billion. Pursuant to the Banking Law, the Bank's shares are issued in registered form.

Ownership

The following table sets forth certain information with respect to the Bank's principal shareholders as of 31 December 2020.

Name of owner	Number of shares	% of outstanding share capital
Qatar National Bank	33,495,892,000	99.88%
Borsa İstanbul free float	4,108,000	0.12%
Total	**33,500,000,000**	**100.00%**

Qatar National Bank

QNB was established in 1964 as the first Qatari-owned bank. It is 50% owned by the government of Qatar via the Qatar Investment Authority and the remaining shares are traded on the Qatar Exchange. As of 31 December 2020, QNB had total assets of US$281.6 billion, loans and advances of US$198.8 billion and deposits of US$202.9 billion. As of 31 December 2020, QNB, together with its subsidiaries and associate companies, operated in more than 30 countries around the world across three continents. QNB is listed on the Qatar Exchange (ticker: "QNBK").

RELATED PARTY TRANSACTIONS

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

The Bank is controlled by QNB through its ownership of a 99.88% stake in the Bank as of 31 December 2020. Set forth below is a summary of the Bank's material transactions and arrangements with QNB and its other related parties.

Turkish banking regulations limit exposure to related companies, and the Group's exposure to QNB and its subsidiaries and other affiliated/other rated parties is within the limit permitted by the regulations. See "Turkish Regulatory Environment – Lending Limits."

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

The following table sets forth information for the indicated dates on the Bank's volume of loans and other receivables with the Group's risk group and interest and commission income from the Bank's risk group during the indicated period:

The Bank's Risk Group	**Associates and Subsidiaries**		**Bank's Direct and Indirect Shareholders**		**Other Legal and Real Persons in Risk Group**	
	Cash	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**
Loans and Other Receivables			*(TL Thousands)*			
Balance at beginning of 1 January 2020	-	-	3,192	37,126	21	5,524
Balance at end of 31 December 2020.....	-	55	2,500	45,878	631	5,212
Interest and Commission Income for this period	-	-	-	9	32	1

The following sets forth information for the indicated dates on the volume of deposits provided to the Bank by such related parties and the amount of interest paid thereon during the indicated periods:

The Bank's Risk Group	**Associates and Subsidiaries**		**Bank's Direct and Indirect Shareholders**		**Other Legal and Real Persons in Risk Group**	
	31 December 2020	**31 December 2019**	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**
Deposits			*(TL Thousands)*			
Balance at end of 31 December 2019 (for 31 December 2020) and beginning of 1 January 2019 (for 31 December 2019)...	17,880	27,885	-	-	208,189	159,107
Balance at end of 31 December 2020 and 31 December 2019 (as applicable).....	19,218	17,880	-	-	293,470	208,189
Interest on Deposits for the year ended[(1)].....	1,203	3,376	-	-	9,073	21,281

Information on forward and option agreements and similar agreements made with the Bank's risk group during the same periods are set out below:

The Bank's Risk Group	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Transactions for Trading Purposes			*(TL Thousands)*			
Balance at end of 31 December 2019 (for 31 December 2020) and end of 31 December 2019 (for 31 December 2019)	-	-	-	-	-	-
Balance at end of 31 December 2020 and 31 December 2019 (as applicable)	-	-	-	-	-	-
Total Income/Loss for the year ended[(1)]	-	-	-	(191)	-	147

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 with approximately 45 banks consistently 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, Sberbank, Citigroup, ING, Bank of China, Intesa Sanpaolo, MUFG Bank, Ltd., Industrial and Commercial Bank of China, QNB and, in the most recent significant acquisition, Emirates NBD entered into an agreement with Sberbank in 2018 to acquire its stake in Denizbank A.Ş. ("*Denizbank*"), a mid-sized bank in Turkey, which acquisition closed in 2019.

As of 31 December 2020, 48 banks (including domestic and foreign banks but excluding the Central Bank) were operating in Turkey (six 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 (including the Bank) and the remaining banks were development and investment banks. Among the deposit-taking banks, three banks were state-controlled banks, eight were private domestic banks, 21 were private foreign banks and two were under the administration of the SDIF.

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

Deposit-taking Turkish banks' total balance sheets have grown at a CAGR of 17.1% from 31 December 2010 to 31 December 2020, driven by loan book expansion and customer deposits growth, which increased by a CAGR of 18.5% and 16.5%, 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 73.7% and 71.8%, respectively, as of 31 December 2020 according to BRSA and Turkstat data, whereas 19 countries in the eurozone's banking sector had average loan and customer deposit penetration ratios of 115.0% and 127.5%, respectively, as of the same date based upon data from the ECB.

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

	As of (or for the year ended) 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
	(*TL millions, except percentages*)				
Balance sheet					
Loans[(1)]	1,546,384	1,857,493	2,088,599	2,308,603	3,091,047
Total assets	2,455,366	2,922,704	3,403,305	3,904,022	5,281,462
Customer deposits	1,372,359	1,605,926	1,899,352	2,351,444	3,133,909
Shareholders' equity	262,503	314,519	367,745	425,808	519,022
Income statement					
Net interest income	83,488	103,385	133,019	146,242	192,159
Net fees and commission income	19,585	23,757	29,760	39,598	35,519
Total income	120,960	148,181	193,457	230,441	274,818
Net Profit	34,224	44,158	47,711	40,986	48,688
Key ratios					
Loans to deposits ratio	113.5%	116.4%	110.0%	98.2%	98.6%
Net interest margin[(2)]	3.7%	3.8%	4.0%	4.0%	4.0%
Return on average shareholders' equity	15.0%	16.5%	15.0%	11.1%	10.9%
Capital adequacy ratio	15.1%	16.4%	16.9%	18.0%	18.3%

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

(1) Due to the implementation of TFRS 9 as of 1 January 2018, NPLs were excluded from the "Loans" line item as of 31 December 2018, 2019 and 2020. As such, NPLs have been excluded from the "Loans" line items as of 31 December 2016 and 2017 for comparison purposes.

(2) Calculated as net interest income/(loss) *divided by* average total assets.

Competition

The Turkish banking industry is highly competitive and relatively concentrated with the top ten deposit-taking banks accounting for 92.4% of total assets of deposit-taking banks as of 31 December 2020 according to data from the BRSA. Among the top ten Turkish banks, there are three state-controlled banks – Ziraat, Vakıfbank and Halkbank, which were ranked first, second and third, 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 46.6% of deposit-taking Turkish banks' performing loans and 47.9% of total deposits as of such date according to the BRSA. The top four privately-owned banks as of such date were Türkiye İş Bankası A.Ş., Garanti, Akbank T.A.Ş. and Yapı ve Kredi Bankası A.Ş., which in total accounted for 37.5% of deposit-taking Turkish banks' performing loans and 38.7% of total deposits as of such date according to the BRSA. The remaining banks in the top ten deposit-taking banks in Turkey as of such date included three mid-sized banks, namely the Bank, Denizbank and Türk Ekonomi Bankası A.Ş., which were controlled by QNB, Emirates NBD and TEB Holding (a joint venture between BNP Paribas and Turkey's Çolakoğlu Group), respectively, as of such date.

TURKISH REGULATORY ENVIRONMENT

Regulatory Institutions

Turkish banks and branches of foreign banks in Turkey are primarily governed by two regulatory authorities in Turkey, 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, is established in order to ensure 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 damages to the national economy, as well as to ensure efficient functioning of the credit system.

The BRSA has responsibility for all banks operating in Turkey, 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 Turkey 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 Turkey, including foreign banks. The Central Bank sets mandatory reserve levels. In addition, each bank must provide the Central Bank, on a current basis, information adequate to permit off-site evaluation of its financial performance, including balance sheets, profit and loss accounts, board of directors' reports and auditor's reports.

Pursuant to amendments introduced to the Banking Law in 2020, the Central Bank has been empowered to determine maximum interest rates for lending and deposit-taking activities of banks, as well as caps on fees, expenses and commissions charged by banks to their clients for any sort of activity.

Banks Association of Turkey

The Banks Association of Turkey is an organisation that provides limited supervision of and coordination among banks (excluding the participation banks) operating in Turkey. All banks (excluding the participation banks) in Turkey are obligated to become members of this association. As the representative body of the banking sector, the association aims to

examine, protect and promote its members' professional interests; however, despite its supervisory and disciplinary functions, it does not possess any powers to regulate banking.

Shareholdings

The direct or indirect acquisition by a Person of shares that represent 10% or more of the share capital of any bank or the direct or indirect acquisition or disposition of such shares by a Person if the total number of shares held by such Person increases above or falls below 10%, 20%, 33% or 50% of the share capital of a bank, requires the permission of the BRSA in order to preserve full voting and other shareholders' rights associated with such shares. In addition, irrespective of the thresholds above, an assignment and transfer of privileged shares with the right to nominate a member to the board of directors or audit committee (or the issuance of new shares with such privileges) is also subject to the authorisation of the BRSA. Additionally, the 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.

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 sets 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). 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 restricts 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 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 equity capital, subject to the BRSA's discretion to increase such lending limits up to 25% or to lower it to the legal limit.

(c) Loans extended to a bank's shareholders (irrespective of whether they are controlling shareholders or they own qualified shares) registered with the share ledger of the bank holding more than 1% of the share capital of the bank and their risk groups may not exceed 50% of the bank's capital equity.

Non-cash loans, futures and option contracts and other similar contracts, avals, guarantees and suretyships, transactions carried out with credit institutions and other financial institutions, transactions carried out with the central

governments, central banks and banks of the countries accredited with the BRSA, as well as bills, bonds and similar capital market instruments issued or guaranteed to be paid by them, and transactions carried out pursuant to such guarantees are taken into account for the purpose of calculation of loan limits within the framework of principles and ratios set by the BRSA.

Pursuant to Article 55 of the Banking Law, the following transactions are exempt from the above-mentioned lending limits:

(a) transactions backed by cash, cash-like instruments and accounts and precious metals,

(b) transactions carried out with the Turkish Treasury, the Central Bank, the Privatisation Administration, the Housing Development Administration of Turkey, the Turkey Wealth Fund 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.

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 Base Prospectus):

(i) that has been disbursed to financially creditworthy natural persons and legal entities,

(ii) the principal and interest payments of which have been structured according to the solvency and cash flow of the debtor,

(iii) repayments of which have been made within due dates or have not been overdue for more than 30 days, for which no repayment problems are expected in the future, and that have the ability to be collected in full without recourse to any collateral,

(iv) for which no weakening of the creditworthiness of the applicable debtor has been found, and

(v) to which 12 month expected credit loss reserve applies under TFRS 9.

On 27 March 2020 (with retroactive effect from 17 March 2020), the BRSA (as part of the measures taken against the impacts of the COVID-19 pandemic) announced a temporary rule (effective until 31 December 2020) providing that the 30 days referred to in clause (iii) is replaced with 90 days, resulting in loans remaining categorised as Group I loans longer and then moving into Group II loans at 90 days. Notwithstanding this change, the Group's management has determined that it will continue to provide reserves for loans as if this rule had not been implemented in order to adhere to the Group's own risk models used in the calculation of expected credit losses. On 8 December 2020, the BRSA extended this temporary rule until 30 June 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 loans remaining categorised as Group I loans longer and then moving into Group II loans at 90 days. On 8 December 2020, the BRSA extended this temporary rule until 30 June 2021. Notwithstanding this change, the Group's management has determined that it will continue to provide reserves for loans as if this rule had not been implemented in order to adhere to the Group's own risk models used in the calculation of expected credit losses.

(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. As of the date of this Base Prospectus, the temporary rule does 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. Notwithstanding this change, the Group's management has determined that it will continue to provide reserves for loans as if this rule had not been implemented in order to adhere to the Group's own risk models used in the calculation of expected credit losses.

(d) *Group IV: Loans with Suspicious Recovery*: This group involves each loan:

(i) principal and/or interest payments of which will probably not be repaid in full under the terms of the loan agreement without recourse to any collateral,

(ii) in connection with which the debtor's creditworthiness has significantly deteriorated, but which loan is not considered as an actual loss due to expected factors such as merger, the possibility of

finding new financing or a capital increase to enhance the debtor's creditworthiness or the possibility of the credit being collected,

(iii) the collection of principal and/or interest payments of which has been overdue for more than 180 days but less than one year following any payment due date (including the maturity date), or

(iv) the collection of principal and/or interest payments of which is expected to be overdue for more than 180 days following any payment due date (including the maturity date) as a result of adverse events in macroeconomic conditions or in the sector in which the debtor operates or adverse events solely related to the debtor.

(e) *Group V: Loans Considered as Losses:* This group involves each loan:

(i) for which, as a result of the complete loss of the debtor's creditworthiness, no collection is expected or only a negligible part of the total receivable amount is expected to be collected,

(ii) although having the characteristics stated in Groups III and IV, the collection of the total receivable amount of which, albeit due and payable, is unlikely within a period exceeding one year, or

(iii) the collection of principal and/or interest payments of which has been overdue for more than one year following any payment due date.

Pursuant to the Classification of Loans and Provisions Regulation, the following loans are classified as NPLs: (a) loans that are classified under Groups III, IV and V, (b) loans the debtors of which are deemed to have defaulted pursuant to the Communiqué on the Calculation of Principal Subject to Credit Risk by Internal-Ratings Based Approaches (published in the Official Gazette dated 23 October 2015 and numbered 29511) or (c) loans to which, as a result of debtor's default, the lifetime expected credit loss reserve applies under TFRS 9. Financial guarantees are also classified as NPLs on the basis of their nominal amounts in case where: (i) a risk of a compensation claim by the creditor has occurred or (ii) the debt assumed under the relevant financial guarantee falls within the scope of any of the circumstances stated in clause (a), (b) or (c). If several loans have been extended to a debtor by the same bank and any of these loans is classified as an NPL, then all other loans extended to such debtor by such bank shall also be classified as NPLs; *however*, for consumer loans, even if any of these loans is classified as an NPL, other consumer loans granted to the same debtor may be classified in the respective applicable group other than Group I. According to the decisions of the BRSA dated 15 November 2018 and numbered 8095 and dated 1 August 2019 and numbered 5477, KGF-guaranteed loans (which are supported by the Turkish Treasury) and loans restructured within the scope of the Framework Agreement will not be classified as NPLs unless there is an overdue amount for more than 90 days following the due date; *however*, pursuant to March 2020 amendments to the rules, the 90 day limit was increased to 180 days until 31 December 2020. On 8 December 2020, the BRSA extended this temporary rule until 30 June 2021.

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.

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 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. According to a non-public BRSA decision on 8 November 2019, the one year period described in clause (ii) was reduced to six months through 31 December 2020 (which, by a BRSA decision on 8 December 2020, was then extended until 30 June

2021). In addition, this non-public BRSA decision (as also so extended) provides that loans that are partially repaid through the foreclosure on collateral or have been paid in kind are exempt from this regulation through 30 June 2021.

The restructuring of a loan consists of: (a) amendments to the conditions of the loan agreement or (b) partial or full refinancing of the loan. In this respect, an NPL may be reclassified as a restructured loan under Group II subject to the following conditions: (i) upon evaluation of the financial standing of the debtor, it has been determined that the conditions for the applicable loan to be classified as an NPL have disappeared, (ii) the loan has been monitored as an NPL at least for one year following restructuring, (iii) as of the date of reclassification as a Group II loan, there has not been any delay in principal and/or interest payments nor are there any expectation of any such delay in the future, and (iv) overdue payments and/or written-down principal payments in relation to the restructured loan have been collected. According to a non-public BRSA decision on 8 November 2019, the one year period described in clause (ii) was reduced to six months through 31 December 2020 (which, by a BRSA decision on 8 December 2020, was then extended until 30 June 2021). Furthermore, such restructured NPL being reclassified as a performing Group II loan may be excluded from the scope of the restructuring if all the following conditions are met: (A) such loan has been monitored as a restructured loan under Group II at least for one year, (B) at least 10% of the outstanding debt amount has been repaid during such one year monitoring period, (C) there has not been any delay of more than 30 days in principal and/or interest payments of any loan extended to the applicable debtor during such monitoring period and (D) the financial difficulty that led to the restructuring of the loan no longer exists. Pursuant to the Classification of Loans and Provisions Regulation, banks applying TFRS 9 may reclassify their performing loans, which had been previously classified as restructured loans under Group II, under Group I again following a minimum three month monitoring period, subject to the satisfaction of the requirements listed under clauses (C) and (D) above (regardless of the conditions under clauses (A) and (B) stated above).

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 both general provisions and 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 2013 Equity Regulation and the Capital Adequacy Regulation, from 1 January 2022, general provisions will: (a) no longer be allowed to be included in the supplementary capital (*i.e.*, tier 2 capital) of Turkish banks and (b) be deducted from their 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 2013 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, which entered into force on 31 March 2016: (i) both the unconsolidated and consolidated minimum CET1 capital adequacy ratios are 4.5% and (ii) both unconsolidated and consolidated minimum tier 1 capital adequacy ratios are 6.0%.

The BRSA published several new 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 on Banking Supervision (the "*Basel Committee*"), which is conducted by the Bank for International Settlements (the "*BIS*") with a view to ensure Turkey's compliance with Basel regulations. These included amendments to the 2013 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 exchanged-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. Free provision reversals are recorded directly under equity without impact on net income and thus net income does not include new or previously created free provisions.

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%, (b) the risk weights of consumer loans (excluding residential mortgage loans) qualifying as retail loans (*perakende alacaklar*) in accordance with the Capital Adequacy Regulation and instalment payments of credit cards from a range of 100% to 250% (depending upon their outstanding tenor) to 75% (irrespective of their tenor); *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%. As of 7 February 2017, the BRSA published a decision that enables banks to use 0% risk weightings for Turkish Lira-denominated exposures guaranteed by the KGF and supported by the Turkish Treasury. On 12 June 2018, the BRSA announced its decision (dated 7 June 2018 and numbered 7841) to amend the per customer 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. 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: (i) 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, (ii) use 0% risk weightings for foreign currency-denominated receivables owed by the centralised administration (*i.e.*, public institutions that do not have a separate legal entity and act under the legal entity of Turkish state institutions) while calculating the principal amount subject to credit risk in accordance with the standard approach as determined under the Capital Adequacy Regulation and (iii) 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. Until 30 June 2021, 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.

Amendments to the 2013 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 2013 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 the 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 1.875% for 2018 and 2.500% for 2019 and thereafter. Pursuant to decisions of the BRSA, the countercyclical capital buffer required for Turkish banks' exposures in Turkey was initially set at 0% of a bank's risk-weighted assets in Turkey; *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 (including measurement error in the risk-based capital measurement approach).

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 Turkey 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 Base Prospectus, the Bank is classified as a Group 1 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; *however*, pursuant to the BRSA Decision on Liquidity Ratios, for the period between 5 January 2015 and 31 December 2015, such

ratios were applied as 60% and 40%, respectively, and such ratios were increased by ten percentage points for each year from 1 January 2016 until 1 January 2019. The BRSA Decision on Liquidity Ratios further 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 2013 Equity Regulation, if a Turkish bank invests in debt instruments of other banks or financial institutions that are already invested in that Turkish bank's additional tier 1 or tier 2 capital, then the amount of such debt instrument (and their issuance premia) are required to be deducted when calculating that Turkish bank's additional tier 1 or tier 2 capital (as applicable).

On 7 June 2018, the BRSA published the Communiqué on Debt Instruments to be included in the Calculation of Banks' Equity, which sets forth procedures and principles for the write-up and write-down of the debt instruments or loans that are included in the calculation of banks' equity (*i.e.*, additional tier 1 and tier 2 capital) as well as procedures and principles related to conversion of such debt instruments into shares.

See also a discussion of the implementation of Basel III in "*-Basel Committee - Basel III*" below.

Tier 2 Rules

According to the 2013 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,

(ii) 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

(iii) following the exercise of the option, the equity of the 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 Regulation on the Capital Conservation and Countercyclical Capital Buffers, (B) the capital requirement derived as a result of an ICAAP of the bank and (C) 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 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 2013 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. As of 1 January 2022, general provisions will no longer be allowed to be included in the supplementary capital (*i.e.*, tier 2 capital) of Turkish banks and the aforementioned limit that is calculated on the basis of risk-weighted assets related to credit risk is no longer applicable.

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.

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 2013 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 common equity tier 1 capital adequacy ratio(s) of the 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 common equity tier 1 capital adequacy ratio(s) to at least 5.125%. As a result of such a write-down: (a) in the event of the liquidation of the bank, the claims of the holders of such debt must be reducible via write-down, (b) in the event of the exercise of the redemption option, the amount redeemed will be the then-outstanding principal amount (*i.e.*, after any write-downs and write-ups) as opposed to their original principal amount, and (c) dividend and interest payments on such debt must be partially or completely cancellable.

In addition, Article 7(2)(j) of the 2013 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 "-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 2013 Equity Regulation, the amount of additional tier 1 capital shall be calculated by subtracting capital deductions from the sum of: (a) shares with preferential rights that are not included in common equity tier 1 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 2013 Equity Regulation sets out that, in order for a debt instrument to be included in the calculation of additional tier 1 capital, the following conditions need to be met:

(a) such debt instrument shall have been issued by the bank and approved by the CMB and shall have been fully collected in cash,

(b) in the event of dissolution of such bank, such debt instrument shall be subordinated with respect to debt that is included in tier 2 capital and rights of deposit holders and all other creditors (other than other additional tier 1 capital),

(c) such debt instrument shall not be linked to any derivative operation or contract, nor shall it be linked to any guarantee or security (in Turkish: *teminat*), in one way or another, directly or indirectly, in a manner that violates the condition stated in clause (b),

(d) such debt instrument shall not have a maturity and shall not include any provision that may incentivise redemption, such as dividends and increase of interest rate,

(e) if such debt instrument includes a redemption option, then such option shall be exercisable no earlier than five years after issuance and only with the approval of the BRSA; approval of the BRSA is subject to the following conditions:

(i) such bank should not create any market expectation that the option will be exercised by the bank, and either

(ii) such debt instrument shall be replaced by another debt instrument either of the same quality or higher quality, and such replacement shall not have a restrictive effect on such bank's ability to sustain its operations, or

(iii) following the exercise of the option, the equity of such bank shall exceed the higher of: (A) the capital adequacy requirement that is to be calculated pursuant to the Capital Adequacy Regulation along with the BRSA' Regulation on the Capital Conservation and Countercyclical Capital Buffers published on 5 November 2013, (B) the capital requirement derived as a result of an ICAAP of such bank and (C) the higher capital requirement set by the BRSA (if any);

however, if tax legislation or other regulations are materially amended, a redemption option may be exercised; *provided* that the above conditions in this clause (e) are met and the BRSA approves,

(f) the redemption of the principal of such debt instrument shall be subject to approval of the BRSA, in which case the BRSA would seek the conditions stated in clause (e) to be met,

(g) the bank shall be entitled to cancel the interest and dividend payments on such debt instrument and, if it exercises such right, then it shall not have an obligation to pay the difference between the amount set out in the terms of such debt instrument and the amount actually paid in subsequent periods (even in case of non-payment), cancellation of payments shall not be considered as default, such bank shall be entitled to use at its own discretion the amounts corresponding to the cancelled payments and the cancellation shall not have any restricting effect on such bank except with respect to payments to be made to its shareholders,

(h) dividend or interest payments on such debt instrument may be made only out of the items that may be used for dividend distribution,

(i) such debt instrument's dividend and interest payments shall not be linked to the creditworthiness of such bank,

(j) such debt instrument shall not be: (i) purchased by such bank or by corporations controlled by such bank or significantly under the influence of such bank or (ii) assigned to such entities, and its purchase shall not be directly or indirectly financed by such bank itself,

(k) such debt instrument shall not possess any features hindering any new equity issuance,

(l) such bank must be entitled, pursuant to the terms of the debt instrument, to write-down or convert into equity (but not necessarily both) such debt instrument if the common equity tier 1 capital adequacy ratio of the bank (on a consolidated or non-consolidated basis) falls below 5.125%, in each case to the extent necessary so as to restore the applicable such common equity tier 1 capital adequacy ratio(s) to at least 5.125%; as a result of such a write-down: (i) in the event of the liquidation of the bank, the claims of the holders of such debt instrument must be reducible via write-down, (ii) in the event of any redemption of such debt instrument, the amount redeemed will be the then-outstanding principal amount (*i.e.*, after any write-downs and write-ups) as opposed to their original principal amount, and (iii) dividend and interest payments on such debt instrument must be partially or completely cancellable,

(m) if there is a possibility that such bank's operating licence would be cancelled or the probability of the transfer of such bank to the SDIF arises pursuant to Article 71 of the Banking Law due to the losses incurred by the bank, then such debt instrument shall be subject to being written down or converted into equity (but not necessarily both) for the absorption of the loss if the BRSA so decides, and

(n) in the event that such debt instrument has not been issued by such bank itself or one of its consolidated entities, the amounts obtained from the issuance shall be immediately transferred without any restriction to such bank or the applicable consolidated entity (as the case may be) in accordance with the rules listed above.

In addition to debt instruments issued by the bank and approved by the CMB (as stated in clause (a)), loans that have been approved by the BRSA upon the application of the board of directors of the applicable bank accompanied by a written statement confirming that all of these conditions (except for the condition stated in clause (a) regarding debt instruments issued by the bank and approved by the CMB) are met also can be included in the calculation of the amount of additional tier 1 capital.

In addition to these conditions, the BRSA may also require other conditions to be met in respect of a debt, including in connection with the procedures relating to the write-down or conversion into equity of such debt.

Debt instruments and loans that are approved by the BRSA are included in the calculation of the amount of additional tier 1 capital as of the date of transfer of the proceeds thereof to the relevant accounts in the applicable bank's records. When applying with respect to a bank the measures set out under Article 71 of the Banking Law, the BRSA is not to take into account as liabilities of such bank the debt instruments and loans included in the calculation of additional tier 1 capital of such bank.

The 2013 Equity Regulation provides that the BRSA is to determine the rules and procedures with respect to the write-down or conversion into equity of debt included in additional tier 1 capital. Accordingly, on 7 June 2018, the BRSA published the Communiqué on Debt Instruments to be included in the Calculation of Banks' Equity (the "*Regulatory Capital Communiqué*"). The Regulatory Capital Communiqué is intended to align the Turkish additional tier 1 framework with European practices and imposed certain new requirements on banks.

Regulatory Capital Communiqué. The Regulatory Capital Communiqué stipulates that the debt included in additional tier 1 capital must be subject to write-off, write-down and conversion into equity before the debt included in tier 2 capital of the banks. Pursuant to the Regulatory Capital Communiqué, if there are multiple additional tier 1 instruments included in the additional tier 1 capital of a bank, then the write-off, write-down or conversion into equity of such additional tier 1 instruments is to be carried out on a *pro rata* basis based upon each such additional tier 1 instrument's portion in the total value of the additional tier 1 instruments of such bank that are included in the additional tier 1 capital of such bank. Interest and dividend distributions on, and redemptions of, additional tier 1 instruments that have been partially converted into equity or written-down are to take into account the outstanding amount after such conversion into equity or write-down.

The Regulatory Capital Communiqué also provides for a potentially non-permanent write-down of additional tier 1 instruments upon the common equity tier 1 capital adequacy ratio of a bank, on a consolidated or non-consolidated basis, falling below 5.125%. In terms of this write-down procedure, a bank is required to immediately notify the BRSA and the holders of such additional tier 1 instruments of the occurrence of such event. An issuer will determine the amount to be written down and/or converted into equity, without prejudice to any authority that the Banking Law grants to the BRSA.

In the case of additional tier 1 instruments that provide for such a write-down of debt on a non-permanent basis, the terms of such additional tier 1 instrument will include provisions for the potential write-up of such written-down amount; *however*, according to the Regulatory Capital Communiqué, a write-up is not possible for additional tier 1 instruments that have been written down for other reasons. In addition, the Regulatory Capital Communiqué requires that the following conditions (among others) be satisfied for any such write-up:

(a) a write-up can be effected only to the extent that a positive distributable net profit was calculated based upon the most recent fiscal year of the applicable bank,

(b) the sum of the write-up amount and the dividend or coupon payments made with respect to the written-down principal amount must not be more than the distributable net profit of the applicable bank *multiplied by* the result of: (i) the sum of the aggregate initial principal amount of the additional tier 1 instruments and the aggregate initial principal amount of all written-down additional tier 1 instruments of such bank *divided by* (ii) the total tier 1 capital of such bank, each as of the date of the relevant write-up,

(c) the write-up must be effected on a *pro rata* basis with the other written-down additional tier 1 instruments of such bank, and

(d) the sum of any write-up amount, coupon and dividend payments over the written-down debt will be treated as dividend payments, which will be subject to the restrictions relating to dividend distributions and the maximum distributable amount restrictions.

The Regulatory Capital Communiqué also introduced various requirements that must be satisfied in order for a bank to exercise any option to convert additional tier 1 instruments into equity. While the Bank's existing additional tier 1 capital do not provide for such conversion, any additional tier 1 capital that the Bank issues in the future might provide for such a conversion.

Basel Committee

Basel II. The most significant difference between the capital adequacy regulations in place before 1 July 2012 and the Basel II regulations is the calculation of risk-weighted assets related to credit risk. The current regulations seek to align more closely the minimum capital requirement of a bank with its borrowers' credit risk profile. The impact of the new regulations on capital adequacy levels of Turkish banks largely stems from exposures to the Turkish government, principally through the holding of Turkish government bonds. While the previous rules provided a 0% risk weight for exposures to the Turkish sovereign and the Central Bank, the rules of Basel II require that claims on sovereign entities and their central banks be risk-weighted according to their credit assessment, which (as of the date of this Base Prospectus) results in a 100% risk weighting for Turkey; *however*, the Turkish rules implementing the Basel principles in Turkey revised this general rule by providing that Turkish Lira-denominated claims on sovereign entities in Turkey 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 2013 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 2013 Equity Regulation and a capital adequacy regulation, each entering into effect on 1 January 2014. The 2013 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 2013 Equity Regulation also introduced new tier 2 rules and determined new criteria for debt instruments to be included in the tier 2 capital. According to the Capital Adequacy Regulation, which entered into force on 31 March 2016, the risk weights of foreign currency-denominated required reserves on the Central Bank in the form of required reserves were increased from 0% to 50%; *however*, on 24 February 2017, the BRSA amended its guidance to allow foreign exchange-required reserves held with the Central Bank to be subject to a 0% risk weight.

In order to further align Turkish banking legislation with Basel principles, the BRSA has published from time to time new regulations and communiqués amending or replacing the existing regulations and communiqués, some of which amendments entered into force on 31 March 2016. For information related to the leverage ratios, capital adequacy ratios and liquidity coverage ratios of banks, see "Capital Adequacy" above.

The BIS reviewed Turkey'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 Turkey was assessed as compliant with Basel standards.

If the Bank and/or the Group is unable to maintain its capital adequacy or leverage ratios above the minimum levels required by the BRSA or other regulators (whether due to the inability to obtain additional capital on acceptable economic

terms, if at all, sell assets (including subsidiaries) at commercially reasonable prices, or at all, or for any other reason), then this might have a material adverse effect on the Group's business, financial condition and/or results of operations.

Liquidity and Reserve Requirements

Article 46 of the Banking Law requires banks to calculate, attain, maintain and report the minimum liquidity level in accordance with principles and procedures set out by the BRSA. Within this framework, a comprehensive liquidity arrangement has been put into force by the BRSA, following the consent of the Central Bank.

Pursuant to the Communiqué Regarding Reserve Requirements (the "*Communiqué Regarding Reserve Requirements*"), the Central Bank imposes different reserve requirements for different currencies and different tenors and adjusts these rates from time to time in order to encourage or discourage certain types of lending.

Turkish banks are permitted to maintain: (a) a portion of the Turkish Lira reserve requirements in U.S. dollars and another portion of the Turkish Lira reserve requirements in standard gold and (b) a portion or all of the reserve requirements applicable to precious metal deposit accounts in standard gold, which portions are revised from time to time by the Central Bank. See "Risk Factors – Risks Relating to the Group and its Business – Market Risks – Foreign Exchange and Currency Risk." In addition, banks are required to maintain their required reserves against their U.S. dollar-denominated liabilities in U.S. dollars only.

Furthermore, pursuant to the Communiqué Regarding Reserve Requirements, a bank must establish additional mandatory reserves if its financial leverage ratio falls within certain intervals. The financial leverage ratio is calculated according to the division of a bank's capital into the sum of the following items:

(a) its total liabilities,

(b) its total non-cash loans and obligations,

(c) its revocable commitments *multiplied by* 0.1,

(d) the total sum of each of its derivatives commitments multiplied by its respective loan conversion rate, and

(e) its irrevocable commitments.

This additional mandatory reserve amount is calculated quarterly according to the arithmetic mean of the monthly leverage ratio.

In 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. These amendments 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).

A bank also must maintain mandatory reserves for six mandatory reserve periods beginning with the fourth calendar month following an accounting period and additional mandatory reserves for liabilities in Turkish Lira and foreign currency, as set forth below:

Leverage Ratio	Additional Reserve Requirement
Below 3.0%	2.0%
From 3.0% (inclusive) to 4.0%	1.5%
From 4.0% (inclusive) to 5.0%	1.0%

In 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*.

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.

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, for both the bank-only and consolidated financial statements, the ratio of a bank's foreign exchange net position to its capital base should not exceed (+/-) 20%, which calculation is required to be made on a weekly basis. 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; 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. If the ratio of a bank's net foreign exchange position to its capital base exceeds (+/-) 20%, 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 the legal net foreign exchange position to capital base ratio up to six times per calendar year.

Audit of Banks

According to Article 24 of the Banking Law, a bank's board of directors is required to establish audit committees for the execution of the audit and monitoring functions of the board of directors. The duties and responsibilities of the audit committee include: (a) the supervision of the efficiency and adequacy of the bank's internal control, risk management and internal audit systems, (b) the functioning of these systems and accounting and reporting systems within the framework of the Banking Law and other relevant legislation, (c) the integrity of the information produced by such systems, (d) conducting the necessary preliminary evaluations for the selection of independent audit firms by the board of directors, (e) regularly monitoring the activities of independent audit firms selected by the board of directors and (f) in the case of holding companies covered by the Banking Law, ensuring that the internal audit functions of the institutions that are subject to consolidation operate in a coordinated manner.

Banks are required to select an independent audit firm in accordance with the Turkish Auditor Regulation. Independent auditors are held liable for damages and losses to third parties and are subject to stricter reporting obligations. Professional liability insurance is required for: (a) independent auditors and (b) evaluators, rating agencies and certain other support services (if requested by the service-acquiring bank or required by the BRSA). Furthermore, banks are required to consolidate their financial statements on a quarterly basis in accordance with certain consolidation principles established by the BRSA. The year-end consolidated financial statements are required to be audited whereas interim consolidated financial statements are subject to only a limited review by independent audit firms.

Pursuant to the Regulation regarding the 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 obligated to establish, manage and develop (for themselves and all of their consolidated financial subsidiaries) internal audit, internal control and risk management systems commensurate with the scope and structure of their activities, in compliance with the provisions of such regulation. The ICAAP Regulation also requires banks to conduct an "internal capital adequacy assessment process" ("*ICAAP*"), which is an internal process whereby banks calculate the amount of capital required to cover the risks to which they are or may be exposed on an unconsolidated and consolidated basis and with a forward-looking perspective, taking into account their near- and medium-term business and strategic plans. In this context, each bank is required to prepare an internal capital adequacy assessment process report (the "*ICAAP Report*") representing the bank's own assessment of its capital and liquidity requirements. The ICAAP Regulation established standards as to principles of internal control, internal audit and risk management systems and an ICAAP in order to bring such regulations into compliance with Basel II requirements.

In 2015 and 2016, the BRSA issued certain amendments to the ICAAP Regulation to align the Turkish regulatory capital regime with Basel III requirements. These amendments relating to internal systems and internal capital adequacy ratios entered into force on 20 January 2016 and the other amendments entered into force on 31 March 2016. These amendments impose new regulatory requirements to enhance the effectiveness of internal risk management and internal capital adequacy assessments by introducing, among other things, new stress test requirements. Accordingly, the board of directors and senior management of a bank are required to ensure that a bank has established appropriate risk management systems and that it applies an ICAAP such that the bank has adequate capital to meet the risks incurred by it. The ICAAP Report is required to be audited by either the internal audit department or an independent audit firm in accordance with the internal audit procedures of a bank.

All banks (public and private) also undergo annual audits and interim audits 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. The scope and amount of savings deposits 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, and other relevant matters are determined by the SDIF upon the approval of the BRSA.

(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 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.

Since 25 September 2019, up to TL 150,000 of the amounts of a depositor's deposit accounts benefit from the SDIF insurance guarantee.

The main powers and duties of the SDIF pursuant to the SDIF regulation published in the Official Gazette No. 26119 dated 25 March 2006, and as amended from time to time, 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 the savings deposits and participation accounts in the credit institutions,

(c) determining the scope and amount of the savings deposits 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 and other related issues in cooperation with the BRSA,

(d) paying (directly or through another bank) the insured deposits and participation accounts from its sources in the credit institutions whose banking licence has been revoked by the BRSA,

(e) 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, and

(f) 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.

Cancellation of Banking Licence

If the results of an audit show that a bank's financial structure has seriously weakened, then the BRSA may require the bank's board of directors to take measures to strengthen its financial position. Pursuant to the Banking Law, in the event that the BRSA in its sole discretion determines that:

(a) the assets of a bank are insufficient or are likely to become insufficient to cover its obligations as they become due or the bank is not complying with liquidity requirements,

(b) the bank's profitability is not sufficient to conduct its business in a secure manner due to disturbances in the relation and balance between expenses and profit,

(c) the regulatory equity capital of such bank is not sufficient or is likely to become insufficient,

(d) the quality of the assets of such bank have been impaired in a manner potentially weakening its financial structure,

(e) the decisions, transactions or applications of such bank are in breach of the Banking Law, relevant regulations or the decisions of the BRSA,

(f) such bank does not establish internal audit, supervision and risk management systems or to effectively and sufficiently conduct such systems or any factor impedes the audit of such systems,

(g) imprudent acts of such bank's management materially increase the risks stipulated under the Banking Law and relevant legislation or potentially weaken the bank's financial structure, or

(h) for D-SIBs, the precautions under the precaution plan described below are not implemented promptly, such precautions are unable to cure the applicable weakness or it is determined that such weakness cannot be cured even if such precautions were implemented,

then the BRSA may require the board of directors of such bank: (i) in the event of the occurrence of an event described in clause (a), (b), (c), (d) or (h), to:

(A) increase such bank's equity capital,

(B) not permit such bank to distribute dividends for a temporary period to be determined by the BRSA and to transfer its distributable dividend to the reserve fund,

(C) increase such bank's loan provisions,

(D) stop such bank's extension of loans to its shareholders,

(E) dispose of such bank's assets in order to strengthen its liquidity,

(F) limit or stop such bank's new investments,

(G) limit such bank's salary and other payments, and/or

(H) cease such bank's long-term investments, and

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

(A) cause such bank to comply with the relevant banking legislation,

(B) cease such bank's risky transactions by re-evaluating such bank's credit policy, and/or

(C) causing such bank to take all actions to decrease any maturity, foreign exchange and interest rate risks for a period determined by the BRSA and in accordance with a plan approved by the BRSA.

The BRSA may also take any other action in relation to the occurrence of an event described in clauses (a) through (h) that it may deem necessary.

In the event that the aforementioned actions are not taken (in whole or in part) by the applicable bank, its financial structure cannot be strengthened despite the fact that such actions have been taken or the BRSA determines that taking such actions will not lead to a favourable result, then the BRSA may require such bank: (i) in the event of the occurrence of an event described in clause (a), (b), (c), (d) or (h) of the preceding paragraph, to:

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

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

(C) decrease its operational and management costs,

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

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

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

(A) convene an extraordinary general assembly in order to change some or all of the members of the board of directors or assign new member(s) to the board of directors, in the event any board member is responsible for a failure to comply with relevant legislation, a failure to establish efficient and sufficient operation of internal audit, internal control and risk management systems or non-operation of these systems efficiently or there is a factor that impedes supervision or such member(s) of the board of directors cause(s) to increase risks significantly as stipulated above, and/or

(B) implement short-, medium- or long-term plans and projections that are approved by the BRSA to decrease the risks incurred by the bank and the members of the board of directors and the shareholders with qualified shares must undertake the implementation of such plan in writing.

The BRSA may also take any other action in relation to the occurrence of an event described in clauses (a) through (h) of the preceding paragraph that it may deem necessary.

In the event that the aforementioned actions are not taken (in whole or in part) by the applicable bank, the problem cannot be solved despite the fact that the actions have been taken or the BRSA determines that taking such actions will not lead to a favourable result, then the BRSA may require such bank to:

(a) limit or cease its business or the business of the whole organisation, including its relations with its local or foreign branches and correspondents, for a temporary period,

(b) apply various restrictions, including restrictions on the interest rate and maturity with respect to resource collection and utilisation,

(c) remove from office (in whole or in part) some or all of its members of the board of directors, general manager and deputy general managers and the relevant department and branch managers and obtain approval from the BRSA as to the persons to be appointed to replace them,

(d) make available long-term loans; *provided* that these will not exceed the amount of deposit or participation accounts subject to insurance, and be secured by the shares or other assets of the controlling shareholders,

(e) limit or cease its non-performing operations and to dispose of its non-performing assets,

(f) merge with one or more other interested bank(s),

(g) provide new shareholders in order to increase its equity capital,

(h) deduct any resulting losses from its own funds, and/or

(i) take any other action that the BRSA may deem necessary.

In the event that: (a) the aforementioned actions are not (in whole or in part) taken by the applicable bank within a period of time set forth by the BRSA or in any case within 12 months, (b) the financial structure of such bank cannot be strengthened despite its having taken such actions, (c) it is determined that taking these actions will not lead to the strengthening of the bank's financial structure, (d) the continuation of the activities of such bank would jeopardise the rights of the depositors and the participation account owners and the security and stability of the financial system, (e) such bank cannot cover its liabilities as they become due, (f) the total amount of the liabilities of such bank exceeds the total amount of its assets or (g) the controlling shareholders or directors of such bank are found to have utilised such bank's resources for their own interests, directly or indirectly or fraudulently, in a manner that jeopardised the secure functioning of the bank or caused such bank to sustain a loss as a result of such misuse, then the BRSA, with the affirmative vote of at least five of its board members, may revoke the licence of such bank to engage in banking operations and/or to accept deposits and transfer the management, supervision and control of the shareholding rights (excluding dividends) of such bank to the SDIF for the purpose of whole or partial transfer or sale of such bank to third persons or the merger thereof; *provided* that any loss is deducted from the share capital of current shareholders.

In order for the advance identification of the appropriate response measures to be taken in case of the occurrence of any events (or probability of the occurrence of any events) that might weaken their financial structures, banks that are classified by the BRSA as systemically important banks (*i.e.*, as D-SIBs) must create prevention plans and submit those to the BRSA. In the case of any determination of the occurrence of any such events (or probability of the occurrence of any such events) with respect to such a bank (on a consolidated or non-consolidated basis), such bank must implement the precautions indicated in their prevention plan and notify the BRSA of such circumstances and the BRSA may impose the implementation of such precautions.

Any and all execution and bankruptcy proceedings (including preliminary injunction) against a bank whose license is revoked would be discontinued as from the date on which the BRSA's decision to revoke such bank's licence is published in the Official Gazette. From the date of revocation of such bank's licence, the creditors of such bank may not assign their rights or take any action that could lead to assignment of their rights. The SDIF must take measures for the protection of the rights of depositors and other creditors of such bank. The SDIF is required to pay the insured deposits of such bank either by itself or through another bank it may designate. The SDIF is required to institute bankruptcy proceedings in the name of depositors against a bank whose banking licence is revoked.

Annual Reporting

Pursuant to the Banking Law, Turkish banks are required to follow the BRSA's principles and procedures (which are established in consultation with the Turkish Accounting Standards Board and international standards) when preparing

their annual reports. Turkish listed companies must also comply with the Communiqué on Principles of Financial Reporting in Capital Markets issued by the CMB. In addition, they must ensure uniformity in their accounting systems, correctly record all their transactions and prepare timely and accurate financial reports in a format that is clear, reliable and comparable as well as suitable for auditing, analysis and interpretation.

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, as well as the Corporate Governance Communiqué, 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 report complies with relevant legislation and accounting records.

Independent auditors must perform an audit of, and provide an opinion on, the annual reports prepared by the banks.

Banks are required to submit their financial reports 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 2013 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 2013 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 Turkey 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 2023, the communiqué allows companies to disregard any losses arising from the exchange rate volatility of any outstanding foreign currency-denominated liability while making any capital loss or insolvency calculations. As such, companies will not be required to apply any measures set forth in Article 376 of the Turkish Commercial Code to maintain their capital if the relevant loss of capital or insolvency arises from currency fluctuations.

Financial Services Fee

Pursuant to Heading XI of Tariff No. 8 attached to the Law on Fees (Law No. 492) amended by the Law No. 5951, banks are required to pay to the relevant tax office to which their head office reports an annual financial services fee for each of their branches. The amount of the fee is determined in accordance with the population of the district in which the relevant branch is located.

Corporate Governance Principles

The Corporate Governance Communiqué provides certain mandatory and non-mandatory corporate governance principles as well as rules regarding related-party transactions and a company's investor relations department. Some provisions of the Corporate Governance Communiqué are applicable to all companies incorporated in Turkey and listed on the Borsa İstanbul, whereas some others are applicable solely to companies whose shares are traded in certain markets of the Borsa İstanbul. The Corporate Governance Communiqué provides specific exemptions and/or rules applicable to banks that are traded on the Borsa İstanbul.

As of the date of this Base Prospectus, the Bank is subject to the corporate governance principles stated in the banking regulations and the regulations for capital markets that are applicable to banks. The Bank is required to state in its annual activity report whether it is in compliance with the principles applicable to it under the Corporate Governance Communiqué. In case of any non-compliance, explanations regarding such non-compliance are also required to be included in such report. Should the Bank fail to comply with any mandatory obligations, then it may be subject to sanctions from the CMB. In its latest annual report before the date of this Base Prospectus, the Bank stated that it was in compliance with the mandatory principles of the Corporate Governance Communiqué.

The Corporate Governance Communiqué contains principles relating to: (a) companies' shareholders and other stakeholders, (b) public disclosure and transparency and (c) boards of directors. A number of principles are compulsory, while the remaining principles apply on a "comply or explain" basis. The Corporate Governance Communiqué classifies listed companies into three categories according to their market capitalisation and the market value of their free-float shares, subject to recalculation on an annual basis. The Bank is classified as a "2nd Group" company.

The mandatory principles under the Corporate Governance Communiqué include provisions relating to: (a) the composition of the board of directors, (b) appointment of independent board members, (c) board committees, (d) specific corporate approval requirements for related party transactions, transactions that may result in a conflict of interest and certain other transactions deemed material by the Corporate Governance Communiqué and(e) information rights in connection with general assembly meetings. According to the Corporate Governance Communiqué, banks may, taking into account the size of their operations and type of their structures, determine their corporate governance principles based upon those stated in the Corporate Governance Communiqué provided that they comply with the principles and procedures set out in the Banking Law and the provisions of other regulations entered into effect in accordance therewith.

Listed companies are required to have independent board members, who should meet the mandatory qualifications required for independent board members as set out in the Corporate Governance Communiqué. Independent board members should constitute at least one-third of the board of directors and should not be fewer than two; *however*, publicly traded banks are required to appoint at least three independent board members to their board of directors, which directors may be selected from the members of the bank's audit committee, in which case the above-mentioned qualifications for independent members are not applicable; *provided* that when all independent board members are selected from the audit committee, at least one member should meet the mandatory qualification required for independent board members as set out in the Corporate Governance Communiqué. The Corporate Governance Communiqué further initiated a pre-assessment system to determine the "independency" of individuals nominated as independent board members in "1st Group" and "2nd Group" companies (for banks, to the extent such independent board members are not members of that bank's audit committee). Those nominated for such positions must be evaluated by the "Corporate Governance Committee" or the "Nomination Committee," if any, of the board of directors for fulfilling the applicable criteria stated in the Corporate Governance Communiqué. The board of directors is required to prepare a list of nominees based upon this evaluation for final review by the CMB, which is authorised to issue a "negative view" on any nominee and prevent their appointment as independent members of the board of directors. The Corporate Governance Communiqué also requires listed companies to establish certain other board committees; *however*, banks are exempt from this requirement for the audit committee, early detection of risk committee and remuneration committee.

In addition to the mandatory principles regarding the composition of the board and the independent board members, the Corporate Governance Communiqué introduced specific corporate approval requirements for all material related party transactions. All those types of transactions shall be approved by the majority of the independent board members. If not, then they shall be brought to the general assembly meeting where related parties to those transactions are not allowed to vote. Meeting quorum shall not be sought for these resolutions and the resolution quorum is the simple majority of the attendees who may vote. For banks and financial institutions, transactions with related parties arising from their ordinary activities are not subject to the requirements of related party transactions.

The Capital Markets Law authorises the CMB to require listed companies to comply with the corporate governance principles in whole or in part and to take certain measures with a view to monitor compliance with the new principles, which include requesting injunctions from the court or filing lawsuits to determine or to revoke any unlawful transactions or actions that contradict with these principles.

In addition to the provisions of the Corporate Governance Communiqué related to the remuneration policy of banks, the BRSA published a guideline on good pricing practices in banks, which entered into force on 31 March 2016. This guideline sets out the general principles for employee remuneration as well as standards for remuneration to be made to the board of directors and senior management of banks.

As of the date of this Base Prospectus, the Bank is in compliance with the mandatory principles under the Corporate Governance Communiqué, as well as with applicable requirements for having independent directors.

Anti-Money Laundering and Combating the Financing of Terrorism

Please see "The Group and its Business – Anti-Money Laundering and Combating the Financing of Terrorism."

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. In addition, in accordance with the Regulation on Loan Transactions of Banks, for auto loans extended to consumers, loans secured by autos and autos leased under financial lease transactions, the loan-to-value requirement is 70%; *provided* that, in each case, the sale price of the respective auto is not higher than TL 120,000; *however*, if the sale price of the respective auto is above this TL 120,000 threshold, then the minimum loan-to-value ratio for the portion of the loan below the threshold amount is 70% and the remainder is set at 50%.

Caps on Fees, Commissions and POS Commission Rates

The BRSA and Central Bank have issued various laws in late 2019 and early 2020 that impose limitations on certain fees and commissions that Turkish banks may charge to customers. On 16 October 2019, the Central Bank introduced an amendment to cap the commission rates applied by banks in their "point of sale" (POS) business. The Central Bank then issued the Communiqué on Deposit and Loan Interest Rates and Participation Accounts Profit and Loss Participation Rates (the "*Communiqué on Deposit and Loan Interest Rates*") and the Communiqué on Procedures and Principles of Fees to be Collected by Banks from Commercial Customers (the "*Communiqué on Commercial Customer Fees*"), both of which became effective as of 1 March 2020 (for the Communiqué on Commercial Customer Fees, most of the provisions relating to fees became effective as of 1 April 2020) and impose certain such limitations. Pursuant to these communiqués, the caps on POS commission rates for purchases of goods and service were subjected to revision by reference to a monthly reference rate determined by the Central Bank *plus* a fixed rate set out under the Communiqué on Commercial Customer Fees, which rates are adjusted by taking into account the number of days between the day of a purchase transaction and the day on which the amount from such purchase is transferred by the applicable bank to the applicable merchant.

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). On 31 December 2020, the BRSA amended the Communiqué on Commercial Customer Fees to include charges for the new fund transfer system, namely "Instant and Continuous Transfer System of Funds (FAST)," which allows account holders to transfer money between accounts at different banks on a 24/7 basis.

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 Turkey 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.

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 Turkey: 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 Turkey on directly investing in Notes (or beneficial interests therein) issued outside of Turkey – see "Transfer and 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 Turkey (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 Turkey (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 Turkey, (d) multilateral banks and institutions that directly invest in Turkey, (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 Turkey 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. As such, certain borrowers of the Bank might apply for restructuring of their debt.

Credit Guarantee Fund

The KGF was established pursuant to Decree No. 93/4496 dated 14 July 1993 in order to provide guarantees for SMEs and other enterprises, in particular, to those that are not able to obtain bank loans due to their insufficient collateral. In order to improve financing possibilities and contribute to the effective operation of the credit system, pursuant to provisional Article 20 of the Law regarding the Regulation of Public Financing and Debt Management (Law No. 4749) dated 28 March 2002, resources up to TL 2 billion could be transferred by the Minister in charge of the Turkish Treasury to the credit guarantee institutions. Such amount was increased to TL 25 billion in accordance with the Law No. 6770 dated 18 January 2017. In addition, pursuant to Decree No. 2016/9538 on Treasury Support to be provided to the Credit Guarantee Institutions (published in the Official Gazette No. 29896 and dated 22 November 2016) (as amended from time to time), the KGF guarantees are supported by the Turkish Treasury. Pursuant to an amendment to such Decree that was published in the Official Gazette dated 30 March 2020, the Turkish Development and Investment Bank was added among the eligible lenders and natural persons were explicitly added as eligible borrowers. On 30 March 2020, an additional TL 25 billion limit was allocated by the government under the KGF guarantee in order to address the economic impact of the COVID-19 pandemic, increasing the amount available under the KGF programme to TL 185 billion, and the total amount of guarantees that may be given by the KGF was increased from TL 250 billion to TL 500 billion (along with increases in the guarantee limits with respect to individual borrower groups).

Pursuant to Presidential Decree No. 162 published in the Official Gazette dated 11 October 2018, loans guaranteed by the Turkish Treasury under the KGF programme may be restructured up to 96 months for working capital loans and up to 156 months for investment loans. Such Presidential Decree also requires lenders to provide an opportunity to borrowers to restructure their KGF-guaranteed loans prior to any recourse to the KGF guarantee.

Additional COVID-19-Related 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 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) 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 and (c) use 0% risk weightings for foreign currency-denominated receivables owed by the centralised administration (*i.e.*, public institutions that do not have a separate legal entity and act under the legal entity of Turkish state institutions) while calculating the principal amount subject to credit risk in accordance with the standard approach as determined under the Capital Adequacy Regulation. Until 30 June 2021, 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 27 March 2020, in line with the Economic Stability Shield Package announced by President Erdoğan on 18 March 2020, the Banks Association of Turkey 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 will be able to provide loans to corporate, commercial and (in particular) SME clients, will have a maturity of 12 months and an interest rate of 9.5% *per annum* and will require no principal or interest payments for three months. The maximum credit amounts that may be lent by a Turkish bank to a customer under these support programmes will be determined based upon such customer's annual turnover.

On 18 April 2020, the BRSA introduced (and on 30 April 2020 clarified) a new test referred to as the "Asset Ratio," which ratio banks (excluding development and investment banks and banks under the management of the SDIF) were originally required to meet (on an unconsolidated basis) on a weekly basis starting from 1 May 2020. The monthly average of the Asset Ratio, which was a modified form of a financial assets (*e.g.*, loans and securities) to deposits ratio and was (*inter alia*) intended to measure (and encourage) a bank's use of deposits for active lending (particularly in Turkish Lira) as opposed to investing in securities or other financial assets (particularly in foreign currencies), was not to be lower than 100% for deposit-taking banks and 80% for participation banks (which ratios were later reduced to 90% and 70%). Any failure to satisfy this minimum level would have subjected the applicable bank to a fine of up to 5% of the shortfall, which fine was not to be less than TL 500,000 in any case. As of 24 November 2020, this requirement was eliminated by the BRSA (effective as of 31 December 2020) as part of the normalisation process after the initial impact of the COVID-19 pandemic.

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 primarily to satisfy the financing needs of the public and private sectors in Turkey and is expected to be effective until the extraordinary conditions that exist due to the COVID-19 pandemic have ceased.

On 20 June 2020, the Central Bank announced the temporary suspension (until 25 December 2020) of its 9 December 2019 rule on having adjusted real loan growth rate lower than 15% for banks with an annual real loan growth rate higher than 15% in order for such banks to able to benefit from certain reserve requirement incentives. This change primarily focused on the increased loan demand of both corporates and individuals, whose cash flows are impacted by the COVID-19 pandemic, while aiming to provide banks with flexibility in meeting such loan demand. This rule was then permanently repealed on 27 November 2020 as noted in "-Liquidity and Reserve Requirements" above.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form (with or without interest coupons attached) or registered form (without interest coupons attached), in each case either as Global Notes or Definitive Notes. Bearer Notes may (subject to certain limited exceptions) be issued only in "offshore transactions" to Persons who are not U.S. persons in reliance upon Regulation S and Registered Notes may be issued in "offshore transactions" to Persons who are not U.S. persons in reliance upon Regulation S, to Dealers for resale to QIBs in reliance upon Rule 144A or otherwise in transactions that are exempt from, or not subject to, the registration requirements of the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will initially be issued in the form of a temporary global note (a "*Temporary Bearer Global Note*") or, if so specified in the applicable Final Terms, a permanent global note (a "*Permanent Bearer Global Note*" and, with a Temporary Bearer Global Note, each a "*Bearer Global Note*"), which, in either case, will:

(a) if such Bearer Global Notes are issued in new global note ("*NGN*") form, as stated in the applicable Final Terms, be delivered on or prior to the original Issue Date of such Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg, and

(b) if such Bearer Global Notes are not issued in NGN form, be delivered on or prior to the original Issue Date of such Tranche to a Common Depositary for Euroclear and Clearstream, Luxembourg.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and on all interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections of the Code referred to above provide that United States investors, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons with respect thereto and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Notes or interest coupons.

Beneficial interests in Notes that are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

NGN Form. Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will indicate whether such Bearer Global Notes are intended to be held in a manner that would allow Eurosystem eligibility (though, as of the date of this Base Prospectus, Bearer Global Notes issued in respect of any Tranche in NGN form do not comply with certain of the conditions of the Eurosystem eligibility criteria so as to be recognised by the ECB as eligible collateral for Eurosystem eligibility). Any indication that a Bearer Global Note is to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Temporary Bearer Global Notes. Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of such Note due prior to the applicable Exchange Date (as defined below) will be made (against presentation of such Temporary Bearer Global Note if such Temporary Bearer Global Note is not issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the owners of beneficial interests in such Temporary Bearer Global Note are not U.S. persons or Persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has/have given a like certification (based upon the certifications it has received) to the Fiscal Agent.

For any Temporary Bearer Global Note, after the date (the "*Exchange Date*") that begins immediately upon the expiration of a 40 day period after the later of the commencement of the offering of the applicable Tranche and such Tranche's Issue Date, beneficial interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for: (a) beneficial interests in a Permanent Bearer Global Note of the same Series or (b) Definitive Bearer Notes of the same Series with, where applicable, Coupons and Talons attached (as indicated in the applicable Final Terms and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given; *provided* that purchasers in the United States and certain U.S. persons will not be able to receive Definitive Bearer Notes. The holder of a Temporary Bearer Global Note (or a beneficial interest therein) will not be entitled to collect any payment of interest, principal or other amount due on or after the applicable Exchange Date unless, upon due certification, exchange of such Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for Definitive Bearer Notes is improperly withheld or refused.

Permanent Bearer Global Notes. Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note (if the Permanent Bearer Global Note is not issued in NGN form) without any requirement for certification in the manner described in the previous paragraph.

Exchange from Permanent Bearer Global Notes to Definitive Bearer Notes. The applicable Final Terms of a Tranche of Permanent Bearer Global Notes will specify that such Permanent Bearer Global Notes will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, Coupons and Talons attached only upon the occurrence of an Exchange Event. For these purposes, "*Exchange Event*" means that: (a) an Event of Default has occurred and is continuing with respect to the applicable Series, (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 Permanent Bearer Global Note in definitive form and, accordingly, the Issuer has elected to request the exchange of such Permanent Bearer Global Note.

The Issuer will promptly give notice to the applicable Noteholders in accordance with Condition 15 upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event described in clause (a) or (b) of the definition of Exchange Event 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 Permanent Bearer Global Note, may give notice to the Fiscal Agent requesting such an exchange. In the event of the occurrence of an Exchange Event as described in clause (c) of such definition, the Issuer may give notice to the Fiscal Agent requesting such an exchange. Any such exchange will occur no later than 45 days after the date of receipt of the first relevant such notice by the Fiscal Agent.

Bearer Notes shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purposes of their immobilisation in accordance with Article 4 of the Belgian law of 14 December 2005.

Registered Notes

The portion of the Registered Notes (or beneficial interests therein) of each Tranche offered and sold in reliance upon Regulation S in offshore transactions to Persons other than U.S. persons will initially be represented by a global note in registered form (each a "*Regulation S Registered Global Note*") or, if so specified in the applicable Final Terms, by a registered note in definitive form (a "*Definitive Regulation S Registered Note*" and, with each Regulation S Registered Global Note, a "*Regulation S Registered Note*;" the Bearer Notes and Regulation S Registered Notes being, collectively, the "*Regulation S Notes*"). Prior to expiration of the distribution compliance period (as defined in Regulation S) applicable to a Tranche of Regulation S Registered Notes, a Regulation S Registered Note (or beneficial interests therein) of such Tranche may not be offered or sold to, or for the account or benefit of, a U.S. person and such Regulation S Registered Note will be subject to the restrictions on transfer set forth therein and will bear the applicable restrictive legend described in "Transfer and Selling Restrictions."

The portion of the Registered Notes (or beneficial interests therein) of each Tranche offered and sold in the United States or to, or for the account or benefit of, U.S. persons may only be offered and sold by the Issuer or any Person acting on

its behalf: (a) to Institutional Accredited Investors who execute and deliver to the Issuer an IAI Investment Letter in which they agree to purchase such Notes (or beneficial interests therein) for their own account and not with a view to the distribution thereof, (b) to QIBs pursuant to Rule 144A or (c) in transactions that are otherwise exempt from, or not subject to, the registration requirements of the Securities Act. The Registered Notes of each Tranche sold to Institutional Accredited Investors as described in clause (a) will be represented by one or more global note(s) in registered form (each an "*IAI Global Note*") or in definitive form (each an "*IAI Definitive Note*" and, with the IAI Global Notes, the "*IAI Notes*") and the Registered Notes of each Tranche sold to QIBs as described in clause (b) will be represented by one or more global note(s) in registered form (each a "*Rule 144A Global Note*" and, with the Regulation S Registered Global Notes and the IAI Global Notes, each a "*Registered Global Note*").

Registered Global Notes will either be: (a) deposited with a custodian for, and registered in the name of a nominee of, DTC or (b) deposited with: (i) a Common Depositary or (ii) if the Registered Global Notes are to be held under the "new safekeeping structure" for registered global securities that are intended to constitute eligible collateral for Eurosystem monetary policy operations (the "*NSS*"), a Common Safekeeper, in each case, for Euroclear and Clearstream, Luxembourg, and will be registered in the name of a nominee of that Common Depositary or Common Safekeeper, as specified in the applicable Final Terms.

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Notes in fully registered form.

Where Registered Global Notes issued in respect of any Tranche are to be held under the NSS, the applicable Final Terms will also indicate whether such Registered Global Notes are intended to be held in a manner that would allow Eurosystem eligibility (though, as of the date of this Base Prospectus, Registered Global Notes issued in respect of any Tranche to be held under the NSS do not comply with certain conditions of the Eurosystem eligibility criteria so as to be recognised by the ECB as eligible collateral for Eurosystem eligibility). Any indication that a Registered Global Note is to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for Registered Global Notes to be held under the *NSS* will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

The Notes of each Tranche sold by the Issuer to U.S. persons who are Institutional Accredited Investors (other than through one or more Dealer(s) under Rule 144A) will be Registered Notes in either definitive form (*i.e.*, IAI Definitive Notes) or global form (*i.e.*, IAI Global Notes). Unless otherwise set forth in the applicable Final Terms, IAI Notes will be issued only in minimum denominations of US$500,000 and integral multiples of US$1,000 in excess thereof (or its approximate equivalent in the applicable other Specified Currency at the time of issuance). IAI Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described in "Transfer and Selling Restrictions."

The Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of a Registered Note will, in the absence of provision to the contrary, be made in the manner provided in Condition 7 to the Person shown on the Register as the registered holder of such Registered Note as of the relevant Record Date. None of the Issuer or any Agent (including the Registrar) will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes (including any payments pursuant to Conditions 7.8 and 7.9) or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Exchange from Registered Global Notes to Definitive Registered Notes. The applicable Final Terms of a Tranche of Registered Global Notes will specify that such Registered Global Notes will be exchangeable (free of charge), in whole but (except with respect to clause (a) of the definition of Exchange Event in the next sentence) not in part, for Definitive Registered Notes only upon the occurrence of an Exchange Event. For these purposes, "*Exchange Event*" means that: (a) an Event of Default has occurred and is continuing with respect to the applicable Series, (b) if the applicable Registered Global Note is registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as a depository for such Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, (c) if the applicable

Registered Global Note is registered in the name of a nominee for a Common Depositary or, as the case may be, Common Safekeeper for Euroclear and Clearstream, Luxembourg, 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 (d) the Issuer has or will become subject to adverse tax consequences that would not be suffered were the Notes represented by the applicable Registered Global Note in definitive form and, accordingly, the Issuer has elected to request the exchange of such Registered Global Note.

The Issuer will promptly give notice to the applicable Noteholders in accordance with Condition 15 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event described in clause (a), (b) or (c) 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 Registered Global Note, may give notice to the Registrar requesting such an exchange. In the event of the occurrence of an Exchange Event specified in clause (d) of such definition, the Issuer may give notice to the Registrar requesting such an exchange. Any such exchange will occur no later than 45 days after the date of receipt of the first relevant such notice by the Registrar. In addition, as set out in the preceding paragraph with respect to clause (a) of the definition of Exchange Event therein, a holder of an interest in the applicable Registered Global Note credited to such holder's account with the applicable Clearing System may request that the Registrar deliver, on behalf of the Issuer, to such Clearing System, Definitive Registered Notes in exchange for such holder's interest in such Registered Global Note in accordance with the standard operating procedures of such Clearing System.

Transfer of Interests. Beneficial interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a Person who wishes to hold: (a) such interest in another Registered Global Note other than an IAI Global Note or (b) upon the delivery of an IAI Investment Letter, an IAI Note (including an interest in an IAI Global Note). IAI Definitive Notes may, subject to compliance with all applicable restrictions and if there is a Registered Global Note for the applicable Series, be transferred to a Person who wishes to hold such Notes in the form of an interest in such Registered Global Note; *provided* that if such Registered Global Note is an IAI Global Note, then such transferee shall have delivered an IAI Investment Letter. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. The Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions (see "Transfer and Selling Restrictions").

General

Pursuant to the Agency Agreement, the Fiscal Agent will arrange that, where a further Tranche of Notes is issued that is intended to be consolidated with, and form a single Series with, an existing Tranche of Notes on a date after the Issue Date of the further Tranche, the Notes of such further Tranche will (to the extent applicable) be assigned an ISIN, Common Code, CUSIP, CINS, CFI Code and/or FISN number that are different from the ISIN, Common Code, CUSIP, CINS, CFI Code and/or FISN assigned to Notes of any other Tranche of the same Series until such time as such Tranches are consolidated and form a single Series, which shall not be prior to the expiration of any applicable distribution compliance period (as defined in Regulation S) applicable to the Notes of such further Tranche.

Repayment of the principal of a Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and such Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of the applicable Series and payment in full of the amount due has not been made in accordance with the provisions of such Global Note, then, from 8:00 p.m. (London time) on the day immediately following the applicable due date, holders of interests in such Global Note credited to their accounts with a Clearing System will, on the basis of statements of account provided by such Clearing System, become entitled to proceed directly against the Issuer on and subject to the terms of the Deed of Covenant.

The Issuer may agree with any Dealer or investor that Notes may be issued in a form not contemplated by the Conditions of the Notes herein, in which event (for any listed issuance) a new prospectus or a supplement to this Base Prospectus, if appropriate, will be made available that will describe the effect of the agreement reached in relation to such Notes.

FORM OF APPLICABLE FINAL TERMS

Set out below is the form of Final Terms that, subject (for any transaction not listed on the Regulated Market) to any necessary amendment, will be completed for each Tranche of Notes. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

[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 European Economic Area (the "*EEA*"). For these purposes: (a) "*EEA Retail Investor*" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "*MiFID II*"), (ii) a customer within the meaning of Directive (EU) No. 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in Regulation (EU) No. 2017/1129 (as amended, the "*Prospectus Regulation*"), 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)] to be offered so as to enable an investor to decide to purchase or subscribe for such 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.][1]

[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 United Kingdom. For these purposes: (a) a "*UK Retail Investor*" means: (i) a client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended) (the "*EUWA*"), (ii) a customer within the meaning of the Financial Services and Markets Act 2000 (as amended) (the "*FSMA*"), of the United Kingdom and any rules or regulations made under the FSMA to implement Directive (EU) No. 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA, or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) No. 2017/1129 (as amended) as it forms part of United Kingdom domestic law by virtue of the EUWA, 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)] to be offered so as to enable an investor to decide to purchase or subscribe for such Notes [(or beneficial interests therein)]. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended) as it forms part of United Kingdom domestic law by virtue of the EUWA (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 United Kingdom 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 United Kingdom might be unlawful under the UK PRIIPs Regulation.][2]

[MIFID II PRODUCT GOVERNANCE / ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY TARGET MARKET

Solely for the purposes of [each][the] 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 and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "*MiFID II*")][MiFID II], and (b) all channels for distribution of the Notes [(and beneficial interests therein)] to eligible counterparties and professional clients are appropriate. Any Person subsequently offering, selling or recommending the Notes [(or beneficial interests therein)] (a "*distributor*") should take into consideration the manufacturer['s][s'] target market assessment; *however*, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in

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1 *Only applicable where paragraph 8(f)(i) of Part B of the Final Terms is marked as "Applicable."*

2 *Only applicable where paragraph 8(f)(ii) of Part B of the Final Terms is marked as "Applicable."*

respect of the Notes [(or beneficial interests therein)] (by either adopting or refining the manufacturer['s][s'] target market assessment) and determining appropriate distribution channels.][3]

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

Solely for the purposes of [each][the] 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 only 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 United Kingdom domestic law by virtue of the [EUWA/European Union (Withdrawal) Act 2018] ("*UK MiFIR*")), 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)] (a "*distributor*") should take into consideration the manufacturer['s][s'] target market assessment; *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 manufacturer['s][s'] target market assessment) and determining appropriate distribution channels.][4]

[NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (AS AMENDED, THE "*SFA*")

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "*CMP Regulations 2018*"), the Issuer has determined the classification of the Notes [(and beneficial interests therein)] to be capital markets products other than: (a) "prescribed capital markets products" (as defined in the CMP Regulations 2018) and (b) "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 MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][5]

FINAL TERMS

[*Date*]

QNB FİNANSBANK A.Ş.

Legal Entity Identifier (LEI): 789000Q21SW842S9IJ58

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "*Notes*")
under the US$5,000,000,000
Global Medium Term Note Programme (the "*Programme*")

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "*Conditions*") set forth in the base prospectus dated 28 April 2021 [and the supplement[s] to it dated [*date*] [and [*date*]]], which [together] constitute[s] a base prospectus [for the purposes of the [Prospectus Regulation][(Regulation (EU)

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3 *Delete where: (a) none of the Managers/Dealers are MiFID II investment firms that are manufacturers pursuant to MiFID II for the purposes of the offering of the relevant Tranche of Notes, or revise where the relevant manufacturers have determined that an alternative target market is appropriate for the offering of the relevant Tranche of Notes (or beneficial interests therein), or (b) this matter is already addressed in the issue-specific prospectus for the issue of Notes. If this paragraph is included but the paragraph regarding the PRIIPS Regulation is not included, then include the definition of MiFID II in this paragraph.*

4 *Delete where: (a) none of the Managers/Dealers are UK MiFIR investment firms that are manufacturers pursuant to UK MiFIR for the purposes of the offering of the relevant Tranche of Notes, or revise where the relevant manufacturers have determined that an alternative target market is appropriate for the offering of the relevant Tranche of Notes (or beneficial interests therein), or (b) this matter is already addressed in the issue-specific prospectus for the issue of Notes.*

5 *Legend to be included on front of the Final Terms if the Notes (and, if applicable, beneficial interests therein): (a) do not constitute prescribed capital markets products as defined under the CMP Regulations 2018 and (b) will be offered in Singapore.*

No. 2017/1129) (as amended, the "*Prospectus Regulation*")]][6] (the "*Base Prospectus*"). This document constitutes the Final Terms of the Notes described herein [for the purposes of the Prospectus Regulation][4] and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus [and these Final Terms][7] [has/have] been published on the Issuer's website ([*insert website address*]) [and these Final Terms have been [made available in printed form at the registered address of the Issuer at [*insert address*][, at the offices of [*insert the name of the financial intermediar(ies)*] at [*insert address*] [and [*insert address*], respectively] and at the offices of the Fiscal Agent at [*insert address*]]/[published on the website of the Irish Stock Exchange plc trading as Euronext Dublin].

[*The following alternative language for the preceding paragraph applies if the first Tranche of Notes of a Series that is being increased was issued under a base prospectus with an earlier date*.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "*Conditions*") set forth in the base prospectus dated [*date of the relevant previous base prospectus*] [and the supplement[s] to it dated [*date*] [and [*date*]]] that [is][are] incorporated by reference into the base prospectus dated [*date of the current base prospectus*]. This document constitutes the Final Terms of the Notes described herein [for the purposes of the [Prospectus Regulation][(Regulation (EU) No. 2017/1129) (as amended, the "*Prospectus Regulation*")]][4] and must be read in conjunction with the base prospectus dated 28 April 2021 [and the supplement[s] to it dated [*date*] [and [*date*]], which [together] constitute[s] a base prospectus [for the purposes of the Prospectus Regulation][4] (the "*Base Prospectus*"), including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus [and these Final Terms][5] [has/have] been published on the Issuer's website ([*insert website address*]) [and these Final Terms have been [made available in printed form at the registered address of the Issuer at [*insert address*][, at the offices of [*insert the name of the financial intermediar(ies)*] at [*insert address*] [and [*insert address*], respectively] and at the offices of the Fiscal Agent at [*insert address*]]/[published on the website of the Irish Stock Exchange plc trading as Euronext Dublin].

[*Include whichever of the following apply or specify as "Not Applicable." Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs that are not applicable can be deleted). Italics denote directions for completing the Final Terms.*]

[If the Notes have a maturity of less than one year from the date of their issue, then their minimum denomination must be £100,000 or its equivalent in any other currency.]

1.	Issuer:		QNB Finansbank A.Ş.
2.	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	(c)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph 22 below, which is expected to occur on or about [*date*]][Not Applicable]
3.	Specified Currency:		[●]

[6] *Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Regulation.*

[7] *The Final Terms should be published in accordance with the provisions of the Prospectus Regulation for Notes to be admitted to trading on a regulated market in the European Economic Area.*

4.	Aggregate Nominal Amount immediately after issuance of this Tranche:		
	(a)	Series:	[●]
	(b)	Tranche:	[●]
5.	Issue Price:		[●] *per cent.* of the Aggregate Nominal Amount of the Tranche [plus accrued interest from [*insert date*] (*if applicable*)]
6.	(a)	Specified Denomination(s):	[●] [and integral multiples of [●] in excess thereof] *(NB: Notes must have a minimum denomination of €100,000 (or equivalent).)* *(Note – for Notes in bearer form, where multiple denominations above [€100,000] or equivalent are being used, the following sample wording should be followed:* *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]."*) *(NB: Where a Temporary Bearer Global Note or a Permanent Bearer Global Note is, in each case, exchangeable for Definitive Notes, Definitive Notes must only be issued with a denomination equal to, or greater than, €100,000 (or equivalent) and integral multiples thereof.)*
	(b)	Calculation Amount [for Definitive Notes (in relation to the calculation of interest for Global Notes, see the Conditions)]:	[●] (the "*Calculation Amount*") (*If only one Specified Denomination, then insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[Specify][Issue Date][Not Applicable] *(NB: An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
	(c)	Trade Date:	[●] *(NB: Trade Date is included as a mandatory settlement field required by the International Central Securities Depositaries [(the "ICSDs")].)*

8.	Maturity Date:		[*Fixed rate – specify date*/*Floating rate* – Interest Payment Date [falling in][nearest to] [*specify month and year*]][8]
9.	Interest Basis:		[[●] *per cent. per annum* Fixed Rate] [[SONIA - Compounded Daily SONIA][SONIA - Compounded Index Rate][SOFR Index Rate][Compounded SOFR with Lookback][Compounded SOFR with Observation Period Shift][Compounded SOFR with Payment Delay][[●] [month] [[*currency*] LIBOR]/EURIBOR/TLREF/TRLIBOR/ROBOR/ PRIBOR/HIBOR/SIBOR/NIBOR/WIBOR/CNH HIBOR] +/- [●] *per cent. per annum* Floating Rate] [Zero Coupon] *(see further particulars in paragraph [14/15/16] below)*
10.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] *per cent.* of their nominal amount
11.	Change of Interest Basis:		[For the period from (and including) the Interest Commencement Date up to (but excluding) [●], paragraph [14/15] below applies, and, for the period from (and including) [●] up to (and including) the Maturity Date, paragraph [14/15] below applies][Not Applicable]
12.	Put/Call Options:		[Investor Put] [Issuer Call] [(*see further particulars in paragraph [18/19/20] below*)] [Not Applicable]
13.	(a)	Status of the Notes:	Senior
	(b)	Date Board approval for issuance of Notes obtained:	[●][Not Applicable] *(NB: Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes.)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:		[Applicable][Not Applicable] *(If not applicable, then delete the remaining sub-paragraphs of this paragraph.)*
	(a)	Rate(s) of Interest:	[●] *per cent. per annum* payable in arrear on [the/each] Interest Payment Date (the "*Rate of Interest*")

[8] *For Renminbi-denominated Fixed Rate Notes and Modified Fixed Rate Notes where Interest Periods and Interest Amounts are subject to adjustment, it will be necessary to use the second option here.*

(b)	Interest Payment Date(s):	[●] in each year up to and including the Maturity Date/[*specify other*][9] *(Amend appropriately in the case of irregular coupons. In the case of Modified Fixed Rate Notes, insert regular interest payment dates and also complete paragraph (g) below as applicable. Paragraph (g) is not relevant to Fixed Rate Notes where Interest Periods and Interest Amounts are not subject to adjustment and either: (i) a customary Following Business Day Convention is to apply in accordance with Condition 7.6 to any date for payment that is not a Payment Business Day or (ii) such payment dates are not otherwise to be subject to adjustment by reference to any other Business Day Convention.)*
(c)	Fixed Coupon Amount(s) [for Definitive Notes (in relation to Global Notes, see the Conditions)]:	[[●] per Calculation Amount] [Not Applicable] *(Applicable only to Notes initially issued in definitive form. Not applicable to Renminbi-denominated Fixed Rate Notes and Modified Fixed Rate Notes where Interest Periods and Interest Amounts are subject to adjustment.)*
(d)	Broken Amount(s) [for Definitive Notes (in relation to Global Notes, see the Conditions)]:	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]][Not Applicable] *(Applicable only to Notes initially issued in definitive form. Not applicable to Renminbi-denominated Fixed Rate Notes and Modified Fixed Rate Notes where Interest Periods and Interest Amounts are subject to adjustment.)*
(e)	[Day Count Fraction:	[30/360][Actual/Actual (ICMA)][Actual/360] [Actual/365 (Fixed)]][10] *(Delete this sub-paragraph in the case of Modified Fixed Rate Notes.)*
(f)	[Determination Date(s):	[[●] in each year][Not Applicable]] *(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.)*
(g)	Modified Fixed Rate Notes:	[Applicable][Not Applicable] *(Modified Fixed Rate Notes are Fixed Rate Notes: (i) the terms of which provide for Interest Periods and Interest Amounts to be subject to adjustment or (ii) for which Interest Periods and Interest Amounts are not subject to adjustment*

[9] *For certain Renminbi-denominated Fixed Rate Notes, Interest Periods and Interest Amounts are subject to adjustment and the following proviso should be added: "; provided that if any Interest Payment Date falls on a day that is not a Business Day, then such Interest Payment Date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day."*

[10] *Applicable to Renminbi-denominated Fixed Rate Notes.*

but a specified Payment Business Day Convention is to apply to any date for payment that is not a Payment Business Day. If not applicable, then delete the remaining sub-paragraphs of this paragraph.)

(i) Interest Periods and Interest Amounts subject to adjustment: [Applicable][Not Applicable]

(ii) Business Day Convention: [Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Not Applicable]

(Only applicable where Interest Periods and Interest Amounts are subject to adjustment.)

(iii) Specified Business Centre(s): [●][Not Applicable]

(Only applicable where Interest Periods and Interest Amounts are subject to adjustment. This paragraph relates to Interest Period end dates and not the date of payment, to which sub-paragraph (vi) below relates.)

(iv) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)] [Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360] [360/360] [Bond Basis]
[30E/360] [Eurobond Basis]
[30E/360 (ISDA)]

(v) Payment Business Day Convention: [Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Not Applicable]

(Only applicable where Interest Periods and Interest Amounts are not subject to adjustment and a specified Payment Business Day Convention is to apply to any date for payment that is not a Payment Business Day.)

(vi) Specified Financial Centre(s): [●][Not Applicable]

(Only applicable if a Payment Business Day Convention is specified in sub-paragraph 14(g)(v). Note that this paragraph relates to the date of payment and not Interest Period end dates, to which sub-paragraph (iii) above relates.)

15. Floating Rate Note Provisions: [Applicable][Not Applicable]

(If not applicable, then delete the remaining sub-paragraphs of this paragraph.)

(a) Specified Period(s)/Specified Interest Payment Dates: [●][, not subject to adjustment, as the Business Day Convention in sub-paragraph (b) below is specified to be Not Applicable]

		(Specified Period(s)/Specified Interest Payment Dates may not be subject to adjustment in accordance with a Business Day Convention in the case of Modified Floating Rate Notes. In these circumstances only, paragraph (m) below will be applicable.)
(b)	Business Day Convention:	[Floating Rate Convention][Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Not Applicable][11] *(Complete unless paragraph (m) below is applicable. See note to paragraph (a) above for guidance.)*
(c)	Specified Business Centre(s):	[●][Not Applicable][12] *(Note that this paragraph relates to Interest Period end dates and not the date of payment, to which paragraph 23 relates. Complete unless paragraph (m) below is applicable. See note to paragraph (a) above for guidance.)*
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination][ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent):	[● (the "*Calculation Agent*")][Not Applicable]
(f)	Screen Rate Determination:	[Applicable][Not Applicable]
	● Reference Rate:	[SONIA][SOFR Index Rate][Compounded SOFR with Lookback][Compounded SOFR with Observation Period Shift][Compounded SOFR with Payment Delay][[●] month [[*currency*] LIBOR]/EURIBOR/TLREF/TRLIBOR/ROBOR/ PRIBOR/HIBOR/SIBOR/NIBOR/WIBOR/CNH HIBOR]
	● Specified Time:	[●] *(11:00 a.m. in the case of LIBOR, SONIA, EURIBOR, ROBOR, PRIBOR, SIBOR, WIBOR and HIBOR, 11:15 a.m. in the case of CNH HIBOR, 4:00 p.m. in the case of TLREF, 11:30 a.m. in the case of TRLIBOR, 12:00 noon in the case of NIBOR and 3:00 p.m. (New York time) in the case of SOFR.)*
	● Relevant Financial Centre:	[London][Brussels][İstanbul][New York City][Bucharest] [Prague][Hong Kong][Singapore][Oslo][Warsaw][●][Not Applicable] *(The Relevant Financial Centre will customarily be the principal financial centre of the Specified Currency for LIBOR, Brussels for EURIBOR, İstanbul for TLREF and TRLIBOR, Bucharest for ROBOR, Prague for PRIBOR,*

[11] *Only not applicable in the case of Modified Floating Rate Notes.*
[12] *Only not applicable in the case of Modified Floating Rate Notes.*

Hong Kong for HIBOR and CNH HIBOR, Singapore for SIBOR, Oslo for NIBOR and Warsaw for WIBOR.)

- Interest Determination Date(s): [●]

  (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, the second İstanbul business day prior to the start of each Interest Period if TLREF or TRLIBOR, the second Bucharest business day prior to the start of each Interest Period if ROBOR, the second Prague business day prior to the start of each Interest Period if PRIBOR, the first day of each Interest Period if HIBOR, the second Singapore business day prior to the start of each Interest Period if SIBOR, the second Oslo business day prior to the start of each Interest Period if NIBOR, the second Warsaw business day prior to the start of each Interest Period if WIBOR, the second Hong Kong business day prior to the start of each Interest Period if CNH HIBOR, the fifth London Banking Day prior to the day on which the relevant Interest Period ends (but that by its definition is excluded from the Interest Period) if SONIA and where the Calculation Method is Compounded Daily SONIA or, in the case of SONIA where the Calculation Method is Compounded Index Rate, the Relevant Number specified below, the fifth (or such other period as specified in the applicable Final Terms) U.S. Government Securities Business Day prior to the related Interest Payment Date for SOFR Index, Compounded SOFR with Lookback and Compounded SOFR with Observation Period Shift and, for Compounded SOFR with Payment Delay, the Interest Accrual Period End Date and the end of each Interest Accrual Period; provided that the Interest Determination Date with respect to the final Interest Accrual Period shall be the Rate Cut-Off Date.)

- Lookback Number of U.S. Government Securities Business Days: [●]

  (Applicable for Compounded SOFR with Lookback)

- Observation Period: [●] U.S. Government Securities Business Days

  (The number of U.S. Government Securities Business Days preceding the first date in the Interest Period) (applicable for SOFR Index Rate with Observation Period Shift and Compounded SOFR with Observation Period Shift)

- Interest Accrual Period End Dates: [●]

  (Applicable for Compounded SOFR with Payment Delay)

- Interest Accrual Period: [quarterly][semi-annually][other]

(Applicable for Compounded SOFR with Payment Delay)

- Rate Cut-Off Date: [●]

  (Applicable for Compounded SOFR with Payment Delay)

- Relevant Screen Page: [●]

  (In the case of EURIBOR, if not Reuters EURIBOR01, then ensure it is a page that shows a composite rate or amend the fallback provisions appropriately.)

- Calculation Method: [Compounded Daily SONIA] [Compounded Index Rate] [Not Applicable]

  (*Only relevant to Floating Rate Notes that reference SONIA*)

- Observation Method: [Lag][Shift][Not Applicable]

  (*Only applicable to Floating Rate Notes that reference SONIA and apply the Calculation Method of Compounded Daily SONIA – see above*)

- SONIA Compounded Index: [ ][Not Applicable]

  (*If applicable, include definition of SONIA Compounded Index specifying any Relevant Screen Page and its time of publication and including definition of the Relevant Screen Page) (Only relevant to Floating Rate Notes that reference SONIA and specify "Not Applicable" under Observation Method above*)

- Observation Look-Back Period: [[●] London Banking Days][Not Applicable][13]

  (*Only relevant to SONIA where Compounded Daily SONIA is specified as the Calculation Method*)

  (*NB: A minimum of five London Banking Days should be specified unless otherwise agreed with the Fiscal Agent (or such other Person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest).*)

- Relevant Number: [●][Not Applicable]

  (*Only relevant to SONIA where the Calculation Method is Compounded Index Rate. Note that the Relevant Number defaults to "5" if an alternative number is not included in the applicable Final Terms.*)

- Benchmark Discontinuation Provisions Applicable: Condition 6.7(II) is [Applicable][Not Applicable]

  (*Only applicable for Floating Rate Notes referencing USD*

[13] *Only relevant for SONIA Reference Rate*

LIBOR or SOFR. If marked as "Not Applicable," then the provisions of Condition 6.7(I) will apply to the Notes. Specify "Not Applicable" for all Floating Rate Notes referencing a benchmark other than USD LIBOR or SOFR.)

(g) ISDA Determination: [Applicable][Not Applicable]

- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]

(In the case of a LIBOR- or EURIBOR-based option, the first day of the Interest Period.)

(NB: The fall-back provisions applicable to ISDA Determination under the ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR, which, depending upon market circumstances, might not be available at the relevant time.)

(h) Linear Interpolation: [Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation [and [●] shall be the Calculation Agent for these purposes] (*specify for each short or long interest period and, if the Calculation Agent is to be an entity other than the Issuer in accordance with Condition 6.2(e), then specify here the name of the Calculation Agent*)]

(i) Margin(s): [+/-] [●] *per cent. per annum*

(j) Minimum Rate of Interest: [[●] *per cent. per annum*][Not Applicable]

(k) Maximum Rate of Interest: [[●] *per cent. per annum*][Not Applicable]

(l) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]

(m) Modified Floating Rate Notes: [Applicable][Not Applicable]

(If not applicable, then delete the remaining sub-paragraphs of this paragraph.)

(i) Payment Business Day Convention: [Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Not Applicable]

(ii) Specified Financial Centre(s): [●][Not Applicable]

16.	Zero Coupon Note Provisions:		[Applicable][Not Applicable] *(If not applicable, then delete the remaining sub-paragraphs of this paragraph.)*
	(a)	Accrual Yield:	[●] *per cent. per annum*
	(b)	Reference Price:	[●]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Notice periods for Condition 8.2:		Minimum period: [●] days Maximum period: [●] days
18.	Issuer Call:		[Applicable][Not Applicable] *(If not applicable, then delete the remaining sub-paragraphs of this paragraph.)*
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount:	[[●] per Calculation Amount]
	(c)	If redeemable in part:	[Applicable][Not Applicable]
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
	(d)	Notice periods:	Minimum period: [●] days Maximum period: [●] days *(NB: When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements that may apply, for example, as between the Issuer and the Fiscal Agent or, in the case of Registered Notes, the Registrar.)*
19.	Investor Put:		[Applicable][Not Applicable] *(If not applicable, then delete the remaining sub-paragraphs of this paragraph.)*
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount:	[[●] per Calculation Amount]

	(c)	Notice periods:	Minimum period: [●] days Maximum period: [●] days *(NB: When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which, in the case of Euroclear and Clearstream, Luxembourg, require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements that may apply, for example, as between the Issuer and the Fiscal Agent or, in the case of Registered Notes, the Registrar.)*
20.	Final Redemption Amount:		[[●] per Calculation Amount]
21.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:		[[●] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	(a)	Form of Notes:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note that is exchangeable for Definitive Notes only upon the occurrence of an Exchange Event] [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for Definitive Notes only upon the occurrence of an Exchange Event] [Definitive Bearer Notes] [Bearer Notes shall not be physically delivered: (i) in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with Article 4 of the Belgian Law of 14 December 2005, or (ii) in the United States of America.]] *(NB: The option for an issue of Notes to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")* [Registered Notes: [Regulation S Registered Global Note(s) registered in the name of a nominee for [DTC][a common depositary for Euroclear and Clearstream, Luxembourg][a common

		safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event] [Rule 144A Global Note(s) registered in the name of a nominee for [DTC][a common depositary for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event] [Definitive Regulation S Registered Notes] [Rule 144A Definitive Registered Notes] [IAI Definitive Notes] [IAI Global Note registered in the name of a nominee for [DTC][a common depositary for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]] *(NB: In the case of an issue with more than one Global Note or a combination of one or more Bearer Global Note(s) and IAI Definitive Note(s), specify the nominal amounts of each Global Note and, if applicable, the aggregate nominal amount of all IAI Definitive Notes if such information is available.)*
	(b) New Global Note:	[Yes][No]
23.	Specified Financial Centre(s):	[●][Not Applicable] *(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purpose of calculating the Interest Amount, to which sub-paragraph 15(c) relates. Delete this paragraph if sub-paragraphs 14(g)(vi) or 15(m)(ii) are completed.)*
24.	Talons for future Coupons to be attached to Definitive Notes: *(Relevant to Definitive Bearer Notes only)*	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.][No]

PROVISIONS APPLICABLE TO TURKISH LIRA NOTES

25.	USD Payment Election:	[Applicable][Not Applicable] *(Only applicable for Notes the Specified Currency of which is Turkish Lira.)*

PROVISIONS APPLICABLE TO RMB NOTES

26.	RMB Currency Event:		[Applicable][Not Applicable] *(If not applicable, then delete the remaining sub-paragraphs of this paragraph.)*
	(a)	Party responsible for calculating the Spot Rate:	[[●] (the "*Calculation Agent*")]
	(b)	RMB Settlement Centre(s):	[●][Not Applicable]

[THIRD PARTY INFORMATION

The description[s of the ratings in sub-paragraph 2 of Part B of these Final Terms] [and] [*other relevant third party information*] [has/have] been extracted from [the websites of [*name(s) of rating agency(ies)*] [and] [*specify source*]]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*name(s) of rating agency(ies)*] [and] [*specify source*], no facts have been omitted that would render the reproduced information inaccurate or misleading.]

Signed on behalf of

QNB Finansbank A.Ş.

By: ..... By: .....

Duly authorised *Duly authorised*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a)	Listing and admission to trading:	[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to the official list and to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin with effect from [●][; *however*, no assurance can be given that such application will be accepted].] [Not Applicable] *(When documenting an issue of Notes that is to be consolidated and to form a single Series with a previous listed issue, it should be indicated here that the original Notes are already listed and admitted to trading.)*
(b)	Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

Initial ratings:	[The Notes [have been][are expected to be] initially rated [●] by [●] [and [●] by [●]].][The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally: [●] by [●] [and [●] by [●]].][Not Applicable] *(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the Notes to be issued have been specifically rated, that rating.)* *(The below additional disclosure in respect of the relevant credit rating agency(ies) is only required in Final Terms for Notes that are to be admitted to trading on an EEA regulated market.)* *[Need to include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]* [Each of [*insert legal name of credit rating agency(ies)*] is established in the [European Union/United Kingdom] and is registered under [Regulation (EC) No. 1060/2009[as it forms part of United Kingdom domestic law by virtue of the EUWA] (the "*[UK] CRA Regulation*")].] [[*Insert legal name of credit rating agency*] is established in the [European Union/United Kingdom] and is not registered under [Regulation (EC) No. 1060/2009[as it forms part of United Kingdom domestic law by virtue of the EUWA] (the "*[UK] CRA Regulation*")].] [[*Insert legal name of credit rating agency*] is not established in the [European Union][or][the United Kingdom] but the rating it has given to the Notes is endorsed by [insert legal

name of credit rating agency], which is established in the [European Union][and][United Kingdom] and is registered under [Regulation (EC) No. 1060/2009[as it forms part of United Kingdom domestic law by virtue of the EUWA] (the "*[UK] CRA Regulation*")].]

[[*Insert legal name of credit rating agency*] is not established in the European Union or the United Kingdom but is certified under [Regulation (EC) No. 1060/2009[as it forms part of United Kingdom domestic law by virtue of the EUWA] (the "*[UK] CRA Regulation*")].]

[[*Insert legal name of credit rating agency*] is not established in the European Union or the United Kingdom and is not certified under [Regulation (EC) No. 1060/2009 (the "*CRA Regulation*") or the CRA Regulation as it forms part of United Kingdom domestic law by virtue of the EUWA] (the "*UK CRA Regulation*") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the European Union or the United Kingdom and registered under the CRA Regulation or the UK CRA Regulation.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Except for any fees [of [*insert relevant fee disclosure*]] payable to the [Managers/Dealers], so far as the Issuer is aware, no Person involved in the issue of the Notes has any interest, including a conflicting interest, that is material to the offer of the Notes. The [Managers/Dealers] and/or [its/their] [respective] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. - *Amend as appropriate if there are other interests*].

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under the Prospectus Regulation.*)]

4. YIELD (Fixed Rate Notes only)

Indication of yield:	[●] *per cent. per annum* The yield is calculated as of the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. HISTORIC INTEREST RATES (*Floating Rate Notes only*)

Details of historic [SONIA][SOFR][[[*currency*] LIBOR]/EURIBOR/TLREF/TRLIBOR/ROBOR/PRIBOR/HIBOR/SIBOR/ NIBOR/WIBOR/CNH HIBOR] rates can be obtained from [Reuters] at [●].

6. BENCHMARKS REGULATION (*Floating Rate Notes only*)[14]

The below is provided in connection with the EU Benchmarks Regulation (Regulation (EU) No. 2016/1011) of 8 June 2016 (the "*Benchmarks Regulation*").

(a)	Name of "benchmark administrator" as described in the Benchmarks Regulation:	[SONIA/SOFR/LIBOR/EURIBOR/TLREF/TRLIBOR/ ROBOR/PRIBOR/HIBOR/SIBOR/NIBOR/WIBOR/CNH HIBOR] is provided by [*administrator legal name*]
(b)	Such "benchmark administrator" appears on the register of administrators maintained pursuant to Article 36 of the Benchmarks Regulation:	[As of the date hereof, [*administrator legal name*] [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation. [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply such that such benchmark administrator is not currently required to obtain authorisation or registration (or, if located outside of the European Union, recognition, endorsement or equivalence).][As far as the Issuer is aware, the [Bank of England][Federal Reserve Bank of New York] as benchmark administrator of [SONIA][SOFR] does not fall within the scope of the Benchmark Regulation by virtue of Article 2 of that regulation and is not required to appear on the register of administrators maintained pursuant to Article 36 of the Benchmarks Regulation.]][Not Applicable]

7. OPERATIONAL INFORMATION

(a)	ISIN:	[●][Not Applicable]
(b)	Common Code:	[●][Not Applicable]
(c)	CUSIP:	[●][Not Applicable]
(d)	CINS:	[●][Not Applicable]
(e)	CFI Code:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN][Not Applicable][Not Available]

[14] *Include this Item 6 only for Final Terms for Floating Rate Notes admitted to trading on an EEA regulated market.*

(f)	FISN:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN][Not Applicable][Not Available] *(If the CFI Code and/or FISN is not required or requested as of the completion of the Final Terms, then it/they should be specified to be "Not Applicable," but if it/they is/are not available as of the completion of the Final Terms, then it/they should be specified to be "Not Available.")*
(g)	Any clearing system(s) other than Depository Trust Company, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable][*give name(s) and number(s)*]
(h)	Delivery:	Delivery [against/free of] payment
(i)	Name(s) and address(es) of additional Paying Agent(s) (if any):	[●][Not Applicable]
(j)	Deemed delivery of clearing system notices for the purposes of Condition 15:	[Any notice delivered to Noteholders of Notes held through a clearing system will be deemed to have been given on the [first/second] [business] day after the day on which it was given to the relevant clearing system.][Not Applicable]
(k)	Intended to be held in a manner that would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositaries[(the "*ICSDs*")] as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][*include this text for Registered Notes that are to be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the International Central Securities Depositaries[(the "*ICSDs*")] as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [*include this text for Registered Notes that are to be held under the NSS*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have

been met.]

8. DISTRIBUTION

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable][*give name(s)*]
(c)	Stabilisation Manager(s) (if any):	[Not Applicable][*give name(s)*]
(d)	If non-syndicated, name of relevant Dealer:	[Not Applicable][*give name*]
(e)	U.S. selling restrictions:	[Reg. S Compliance Category 2][Rule 144A] [Section 4(a)(2)][Rules identical to those provided in [TEFRA C][TEFRA D] applicable][TEFRA not applicable]
(f)	(i) Prohibition of sales to EEA Retail Investors:	[Applicable][Not Applicable] *(If the Notes clearly do not constitute "packaged" products pursuant to the PRIIPS Regulation, then "Not Applicable" should be specified. If the Notes might constitute "packaged" products and no key information document will be prepared, then "Applicable" should be specified.)*
	(ii) Prohibition of sales to UK Retail Investors:	[Applicable][Not Applicable] *(If the Notes clearly do not constitute "packaged" products pursuant to the UK PRIIPS Regulation, then "Not Applicable" should be specified. If the Notes might constitute "packaged" products and no key information document will be prepared, then "Applicable" should be specified.)*
(g)	Prohibition of sales to Belgian consumers:	[Applicable][Not Applicable] *(NB: advice should be taken from Belgian counsel before disapplying this selling restriction.)*

9. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

The net proceeds from the issue of the Notes[, the estimated amount of which net proceeds is [●],][15] will be applied by the Issuer for [its general corporate purposes][●].

(See "Use of Proceeds" in the Base Prospectus. If the reason for the offer is different from general corporate purposes, then such specific reason will need to be included here.)

[15] *Include only for Final Terms for Notes admitted to trading on an EEA regulated market.*

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes that, unless otherwise agreed by the Issuer and the relevant Dealer(s) or investor(s) at the time of issue, will be incorporated by reference into, or be attached to, each Global Note and Definitive Note (each as defined below), in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) or investor(s) at the time of issue but, if not so permitted and agreed, such Definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Definitive Note. Reference should be made to "Form of Applicable Final Terms" for a description of the content of the Final Terms, which will specify which of such terms are to apply in relation to the relevant Notes.

Terms and Conditions of the Notes

This Note is one of a Series (as defined below) of Notes issued by QNB Finansbank A.Ş. (the "*Issuer*") pursuant to the Agency Agreement (as defined below).

References to "*Notes*" in these Terms and Conditions (these "*Conditions*") shall, unless the context otherwise requires, be references to the Notes of this Series and mean: (a) in relation to any Notes represented by a global note (a "*Global Note*"), such Global Note or any nominal amount thereof of a Specified Denomination, whether such Global Note is in bearer form (a "*Global Bearer Note*") or registered form (a "*Registered Global Note*"), and (b) in relation to any definitive Notes in bearer form (the "*Definitive Bearer Notes*" and, with Global Bearer Notes, the "*Bearer Notes*") or registered form (the "*Definitive Registered Notes*" and, with Definitive Bearer Notes, the "*Definitive Notes*") (Definitive Registered Notes and Registered Global Notes being collectively the "*Registered Notes*"), such definitive Notes in bearer or, as the case may be, registered form.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated 28 April 2021 (such agreement as further amended, supplemented and/or restated from time to time, the "*Agency Agreement*") and made among the Issuer, The Bank of New York Mellon, London Branch, as fiscal and principal paying agent and exchange agent (the "*Fiscal Agent*" and the "*Exchange Agent*," which expressions shall, respectively, include any successor fiscal agent and exchange agent) and the other paying agents named therein (with the Fiscal Agent, the "*Paying Agents*," which expression shall include any additional or successor paying agents), The Bank of New York Mellon, as transfer agent (with the Registrar (as defined below), the "*Transfer Agents*," which expression shall include any additional or successor transfer agents), and The Bank of New York Mellon SA/NV, Luxembourg Branch, as registrar (the "*Registrar*," which expression shall include any successor registrar).

If so specified in the applicable Final Terms, the Issuer will also appoint a calculation agent with respect to a Series of Notes (the "*Calculation Agent*," which expression shall include any successor calculation agent and any other calculation agent specified in such Final Terms).

Interest-bearing Definitive Bearer Notes have interest coupons ("*Coupons*"). In addition, interest-bearing Definitive Bearer Notes that, when issued, have more than 27 interest payments remaining have talons for further Coupons ("*Talons*") attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Registered Notes and Bearer Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note and complete these Conditions. References to the "*applicable Final Terms*" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to a "*Noteholder*" or "*holder*" in relation to a Note means: (a) in the case of a Bearer Note, the holder of such Note, and (b) in the case of a Registered Note, the Person(s) in whose name such Note is registered in the Register (as defined below), and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to a "*Couponholder*" means the holder of a Coupon and shall, unless the context otherwise requires, include the holder of the related Talon(s).

As used herein, "*Tranche*" means an issue of Notes using the same Final Terms and that are identical in all respects (including as to listing and admission to trading); *provided* that such may have different principal amounts, holder(s), serial numbers and (if applicable) securities codes, and "*Series*" means a Tranche of Notes together with any other Tranche(s) of Notes: (a) that are expressed in the applicable Final Terms to be consolidated and form a single series with one or more previous Tranche(s) and (b) the terms and conditions of which are identical in all respects except for their respective issue dates (each an "*Issue Date*"), Tranche number, date of consolidation with one or more other Tranche(s), principal amounts, Interest Commencement Dates (unless this is a Zero Coupon Note) and Issue Prices, each as specified in the applicable Final Terms.

The Noteholders and the Couponholders are entitled to the benefit of a deed of covenant dated 26 April 2018 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, a deed poll dated 26 April 2018 and made by the Issuer (such deed poll as amended, supplemented and/or restated from time to time, the "*Deed Poll*"), the Deed of Covenant and the applicable Final Terms of the applicable Tranche of Notes may be inspected during normal business hours at the specified office of each of the Fiscal Agent, the other Paying Agents, the Registrar, the Exchange Agent and the other Transfer Agents (such agents being together referred to as the "*Agents*") by any Noteholder or Couponholder that produces evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes or Coupons, as applicable, and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed Poll, the Deed of Covenant and the applicable Final Terms. 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 or used in the applicable Final Terms 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 the applicable Final Terms, the applicable Final Terms shall prevail.

In these Conditions: (a) "*euro*" means 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 European Union, as amended, and (b) "*Renminbi*" and "*RMB*" refer to the lawful currency of the People's Republic of China (the "*PRC*"), which (for the purposes of these Conditions) excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administration Region of the PRC and Taiwan.

For the purposes of these Conditions, the term "*law*" shall (unless the context otherwise requires) be deemed to include legislation, regulations and other legal requirements.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are either Bearer Notes or Registered Notes as specified in the applicable Final Terms, will be numbered serially with an identifying number that the Issuer will procure to be recorded on the relevant Note and, in the case of Registered Notes, in the register of holders of the Registered Notes maintained by the Registrar outside of the United Kingdom (the "*Register*") and shall be in the Specified Currency and Specified Denomination, in each case, as specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

The Notes are issued pursuant to the Turkish Commercial Code (Law No. 6102), the Capital Markets Law (Law No. 6362) of the Republic of Turkey ("*Turkey*") and the Communiqué on Debt Instruments No. VII-128.8 issued by the Turkish Capital Markets Board (in Turkish: *Sermaye Piyasası Kurulu*) (the "*CMB*").

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the "Interest Basis" specified in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached unless they are Zero Coupon Notes, in which case references to Coupons and Couponholders in these Conditions are not applicable.

1.2 Title to the Notes

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered 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 bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not any payment in respect of such Note 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 Note) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the following paragraphs of this Condition 1.2.

For so long as Depository Trust Company ("*DTC*") or its nominee is the registered holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner and holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through DTC's participants. The expressions "Noteholder" and "holder of Notes" and related expressions shall, for the purposes of any such Registered Global Note, be construed accordingly.

For so long as any of the Notes is represented by a Global Note deposited with and, in the case of a Registered Global Note, registered in the name of a nominee for a common depositary or a common safekeeper, as the case may be, for Euroclear and/or Clearstream, Luxembourg, each Person (other than Euroclear or Clearstream, Luxembourg or any such nominee, common depositary or common safekeeper) 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 Global Note (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 Note 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 bearer or registered holder of such Global Note 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 Note, for which purpose the bearer of such Bearer Global Note or the registered holder of such Registered Global Note 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 Note; *it being understood* that, with respect to any beneficial interests held by or on behalf of Euroclear and/or Clearstream, Luxembourg in a Registered Global Note held by DTC or a nominee thereof, the rules of the preceding paragraph shall apply. The expressions "Noteholder" and "holder of Notes" and related expressions shall, for the purposes of any Global Note described in this paragraph, be construed accordingly.

Notes that are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of the applicable clearing system.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of Interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, 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 Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for a Definitive Note of the same Series or for a beneficial interest in another Registered Global Note of the same Series, in each case, only in the Specified Denomination(s) specified in the applicable Final Terms (and provided that the aggregate outstanding principal balance of such beneficial interest of the transferor not so transferred is an amount of at least the Specified Denomination) and only in accordance with the then-applicable rules and operating procedures of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement, the relevant Registered Global Note

and/or the applicable Final Terms. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 Transfers of Definitive Registered Notes

Subject as provided in Condition 2.4, upon the terms and subject to the conditions set forth in the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the Specified Denomination(s) set out in the applicable Final Terms) (and provided that, if transferred in part, the aggregate outstanding principal balance of such Definitive Registered Note not so transferred is an amount of at least the Specified Denomination). In order to effect any such transfer: (a) the holder(s) must: (i) surrender such Definitive Registered Note for registration of the transfer thereof (or of the relevant part thereof) at the specified office of any Transfer Agent, with the form of transfer (substantially in the form set out in the Agency Agreement, completed as appropriate) 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) of 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 Registered Note of a like aggregate principal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) being transferred.

In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note 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 a Definitive Registered Note (or a portion thereof) 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 registration of transfer of Notes 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.

2.4 Noteholder Establishment of Clearing of a Definitive Registered Note

For so long as any Notes of a Series are represented by a Registered Global Note, holders of Definitive Registered Notes of the same Series may (to the extent that they have established settlement through DTC, Euroclear and/or Clearstream, Luxembourg) exchange such Definitive Registered Notes for interests in the relevant Registered Global Note of the same Series at any time.

3. STATUS OF THE NOTES

The Notes and Coupons (and claims for payment by the Issuer in respect thereof) are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu* without any preference or priority among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of

insolvency, bankruptcy, liquidation or similar event relating to the Issuer, only to the extent permitted by applicable laws relating to creditors' rights.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

So long as any Note of a Series remains outstanding, the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "*Security Interest*") upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness,

(b) such Security Interest is terminated,

(c) such other arrangement (whether or not it includes the giving of a Security Interest) is provided for the benefit of the Noteholders as is approved by an Extraordinary Resolution of the Noteholders of such Series, or

(d) such Security Interest is provided as is approved by an Extraordinary Resolution of the Noteholders of such Series.

Nothing in this Condition 4.1 shall prevent the Issuer from creating or permitting to subsist any Security Interest upon, or with respect to, any present or future business, undertaking, assets or revenues (including any uncalled capital) or any part thereof that is created pursuant to: (i) a bond, note or other indebtedness whereby the payment obligations are secured by a segregated pool of assets (whether held by the Issuer or any third party guarantor) (any such bond, note or other indebtedness, a "*Covered Bond*") or (ii) any securitisation of receivables or other payment rights, asset-backed financing or similar financing structure (created in accordance with normal market practice) and whereby all payment obligations secured by such Security Interest or having the benefit of such Security Interest are to be discharged principally from such business, undertaking, assets or revenues (or in the case of Direct Recourse Securities, by direct unsecured recourse to the Issuer); *provided* that the aggregate then-existing balance sheet value of receivables or other assets subject to any Security Interest created in respect of: (A) Covered Bonds that are Relevant Indebtedness and (B) any other secured Relevant Indebtedness (other than Direct Recourse Securities) of the Issuer, when added to the outstanding principal amount of all Direct Recourse Securities that are Relevant Indebtedness, does not, at the time of the incurrence thereof, exceed 15% of the consolidated total assets of the Issuer (as shown in the most recent audited consolidated financial statements of the Issuer prepared in accordance with the BRSA Principles).

4.2 Defined Terms

For the purposes of these Conditions:

(a) "*BRSA Principles*" means the laws relating to the accounting and financial reporting of banks in Turkey (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 board of the BRSA and circulars and interpretations published by the BRSA) and the requirements of Turkish Accounting Standards for the matters that are not regulated by such laws,

(b) "*Direct Recourse Securities*" means securities (other than Covered Bonds) issued in connection with any securitisation of receivables or other payment rights, asset-backed financing or similar financing structure (created in accordance with normal market practice) and whereby all payment obligations secured by a

Security Interest or having the benefit of a Security Interest are to be discharged principally from such assets or revenues or by direct unsecured recourse to the Issuer,

(c) "*Relevant Indebtedness*" means: (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities that (with the consent of the issuer of the indebtedness) are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other organised securities market or any loan disbursed to the Issuer as a borrower under a loan participation note or similar transaction, where such securities or loans have an initial maturity at issue or disbursement in excess of 365 days, and (ii) any guarantee or indemnity of any such indebtedness, and

(d) "*Turkish Accounting Standards*" means "Turkish Accounting Standards" and "Turkish Financial Reporting Standards" issued by the Public Oversight, Accounting and Auditing Standards Authority (*Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu*) and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA.

5. COVENANTS

5.1 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 Turkey (including, without limitation, with the CMB and the Banking Regulation and Supervision Agency (in Turkish: *Bankacılık Düzenleme ve Denetleme Kurumu*) (the "*BRSA*")) for: (a) the execution, delivery or performance of the Agency Agreement, the Deed of Covenant, the Deed Poll and the Notes or for the validity or enforceability thereof or (b) except to the extent any failure to do so does not have a material adverse effect on: (i) the business, financial condition or results of operations of the Issuer or (ii) the Issuer's ability to perform its obligations under the Notes, the conduct by it of the Permitted Business.

5.2 Transactions with Affiliates

So long as any Note remains outstanding, the Issuer shall not, and shall not permit any of its Material Subsidiaries to, in any 12 month period: (a) make any payment to, (b) sell, lease, transfer or otherwise dispose of any of its properties, revenues or assets to, (c) purchase any properties, revenues or assets from or (d) enter into or make or amend any transaction, contract, agreement, understanding, loan, advance, indemnity or guarantee (whether related or not) with, or for the benefit of, any Affiliate (each an "*Affiliate Transaction*"), which Affiliate Transaction has (or, when taken together with any other Affiliate Transactions during such 12 month period, in the aggregate have) a value in excess of US$50,000,000 (or its equivalent in any other currency) unless such Affiliate Transaction is on terms that are no less favourable to the Issuer or the relevant Material Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Material Subsidiary with an unrelated Person.

5.3 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 the Issuer's audited consolidated financial statements for such financial year, prepared in accordance with IFRS, with the corresponding financial statements for the preceding financial year, and all such annual financial statements shall be accompanied by the report of the auditors thereon,

(b) in the event that the Issuer prepares and publishes consolidated financial statements for the first six months of any financial year of the Issuer in accordance with IFRS, not later than 120 days after the end of that

period, English language copies of such financial statements for such six-month period, with (if prepared) the corresponding financial statements for the corresponding period of the preceding financial year,

(c) not later than 120 days after the end of each financial year of the Issuer, English language copies of its audited consolidated financial statements for such financial year, prepared in accordance with the BRSA Principles, with the corresponding financial statements for the preceding financial year, and all such interim financial statements shall be accompanied by the report of the auditors thereon, and

(d) not later than 120 days after the end of each of the first three quarters of each financial year of the Issuer, English language copies of its unaudited (or, if published, audited) consolidated financial statements for such three month period, prepared in accordance with the BRSA Principles, with the corresponding financial statements for the corresponding period of the previous financial year, and all such interim financial statements shall be accompanied by the report of the auditors thereon.

5.4 Defined Terms

For the purposes of these Conditions:

(a) "*Affiliate*" means, in respect of any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, and, in the case of a natural person, any immediate family member of such person; for the purposes of this definition, "*control*," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise, and the terms "*controlling*," "*controlled by*" and "*under common control with*" shall have corresponding meanings,

(b) "*IFRS*" means the requirements of International Financial Reporting Standards issued by the International Accounting Standards Board (the "*IASB*") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time),

(c) "*Material Subsidiary*" means at any time a Subsidiary of the Issuer:

(i) whose total assets (consolidated in the case of a Subsidiary that itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer prepared in accordance with BRSA Principles relate, are equal to) not less than 15% of the consolidated total assets of the Issuer, all as calculated respectively by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary prepared in accordance with BRSA Principles and the then latest audited consolidated financial statements of the Issuer prepared in accordance with BRSA Principles; *provided* that, in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer prepared in accordance with BRSA Principles relate, the reference to the then latest audited consolidated financial statements of the Issuer prepared in accordance with BRSA Principles for the purposes of the calculation above shall, until consolidated financial statements prepared in accordance with BRSA Principles for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer,

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer that immediately prior to such transfer is a Material Subsidiary; *provided* that the transferor Subsidiary shall upon such transfer immediately cease to be a Material Subsidiary and the transferee Subsidiary shall immediately become a Material Subsidiary pursuant to this clause (ii) but shall cease to be a Material Subsidiary on the date of publication of the

Issuer's next audited consolidated financial statements prepared in accordance with BRSA Principles unless it would then be a Material Subsidiary under clause (i) above, or

(iii) to which is transferred an undertaking or assets that, taken with the undertaking or assets of the transferee Subsidiary, represent (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer prepared in accordance with BRSA Principles relate, are equal to) not less than 15% of the consolidated total assets of the Issuer (calculated as set out in clause (i)); *provided* that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer immediately cease to be a Material Subsidiary unless, immediately following such transfer, its assets represent (or, in the case aforesaid, are equal to) not less than 15% of the consolidated total assets of the Issuer (all as calculated as set out in clause (i)), and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this clause (iii) on the date of the publication of the Issuer's next audited consolidated financial statements prepared in accordance with BRSA Principles; *provided* that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of clause (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

A report by the auditors of the Issuer that in their opinion a Subsidiary is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding upon all parties,

(d) "*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 of the first Tranche of the Notes of this Series,

(e) "*Person*" means any individual, company, partnership, association, unincorporated organisation, trust or other judicial entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality, and

(f) "*Subsidiary*" means, in relation to any Person (the "*first Person*"), any other Person: (i) in which such first Person holds a majority of the voting rights, (ii) of which such first Person is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which such first Person is a member and controls a majority of the voting rights, and includes any company that is a Subsidiary of a Subsidiary of 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.

6. INTEREST

The applicable Final Terms indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.

6.1 Interest on Fixed Rate Notes

This Condition 6.1 applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 6.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms specifies the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction, any applicable Determination Date and whether the provisions relating to Modified Fixed Rate Notes will be applicable.

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) *per annum* equal to the applicable Rate(s) of Interest. Interest on Fixed Rate Notes will, subject as provided in these Conditions, be payable in arrear on the applicable Interest Payment Date(s) in each year up to (and including) the Maturity Date.

In the case of Definitive Notes, the Interest Amount payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount, where a "Fixed Coupon Amount" is specified in the applicable Final Terms, to the Fixed Coupon Amount so specified; *provided* that the Interest Amount payable on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Definitive Notes where an applicable Fixed Coupon Amount (and, if applicable, a Broken Amount) is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the then-applicable Rate of Interest to:

(a) in the case of Fixed Rate Notes that are represented by a Global Note, the aggregate outstanding principal amount of the Fixed Rate Notes represented by such Global Note, or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction. The resultant figure (including the application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency (with half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention with the written consent of the Issuer). Where the Specified Denomination of a Fixed Rate Note in definitive form is an amount other than the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

If Modified Fixed Rate Notes is specified as applicable in the applicable Final Terms and Interest Periods and Interest Amounts are specified as being subject to adjustment, then a Business Day Convention shall also be specified in the applicable Final Terms and (where applicable) Interest Payment Dates shall be postponed or brought forward, as the case may be, in accordance with Condition 6.6(b) and the relevant Interest Period and Interest Amount payable on the Interest Payment Date for such Interest Period will be adjusted accordingly.

6.2 Interest on Floating Rate Notes

This Condition 6.2 applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 6.2 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms specifies any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Specified Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Fiscal Agent, the Margin, any maximum or minimum interest rates, the Day Count Fraction and whether the provisions relating to Modified Floating Rate Notes will be applicable. Where "ISDA Determination" applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Specified Time, Relevant Financial Centre, Interest Determination Date(s) and Relevant Screen Page.

(a) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest shall be payable, subject as provided in these Conditions, in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms, or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, with each Specified Interest Payment Date, an "*Interest Payment Date*" for the

purpose of such Floating Rate Note) that falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest shall be payable in respect of each Interest Period.

(b) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes shall be determined in the manner specified in the applicable Final Terms.

(i) *ISDA Determination for Floating Rate Notes*

Where "ISDA Determination" is specified in the applicable Final Terms for a Tranche as the manner in which the Rate of Interest for such Tranche is to be determined, the Rate of Interest for such Tranche for each Interest Period shall be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this clause (i), "*ISDA Rate*" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Fiscal Agent or the Calculation Agent, as applicable, were acting as the "Calculation Agent" (as defined in the ISDA Definitions) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as of the Issue Date of the first Tranche of Notes of this Series (the "*ISDA Definitions*") and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms,

(B) the Designated Maturity is a period specified in the applicable Final Terms, and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this clause (i), "Floating Rate," "Floating Rate Option," "Designated Maturity" and "Reset Date" shall have the meanings given to those terms in the ISDA Definitions.

(ii) *Screen Rate Determination for Floating Rate Notes (other than for SOFR or SONIA)*

Where "Screen Rate Determination" is specified in the applicable Final Terms for a Tranche as the manner in which the Rate of Interest for such Tranche is to be determined in respect of any Reference Rate other than for SOFR or SONIA, the Rate of Interest for such Tranche for each Interest Period shall, subject as provided below, be either:

(A) if there is only one quotation on the Relevant Screen Page, the offered quotation, or

(B) in any other case, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate *per annum*) for the Reference Rate(s) that appear(s) on the Relevant Screen Page (or such replacement page on that service that displays the information) as of the Specified Time in the Relevant Financial Centre on the Interest Determination Date in question *plus* or *minus* (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, then the highest (or, if there is more than one such highest quotation, then only one of such quotations) and the lowest (or, if there is more than one such lowest quotation, then only one of such quotations) shall be disregarded by the

Fiscal Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of clause (A) above, no such offered quotation appears or if, in the case of clause (B) above, fewer than three such offered quotations appear, in each case as of the Specified Time, then the Issuer shall request each of the Reference Banks to provide the Fiscal Agent with its offered quotation (expressed as a percentage rate *per annum*) for the Reference Rate at approximately the Specified Time in the Relevant Financial Centre on the Interest Determination Date in question. If two or more of the Reference Banks promptly so provide the Fiscal Agent with such offered quotations, then the Rate of Interest for the applicable Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Fiscal Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent with an offered quotation as provided in the preceding paragraph, then the Rate of Interest for the relevant Interest Period shall be the rate *per annum* that the Fiscal Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Fiscal Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London interbank market (if the Reference Rate is LIBOR), the eurozone interbank market (if the Reference Rate is EURIBOR), the Turkish Lira interbank market (if the Reference Rate is TLREF or TRLIBOR), the Romanian interbank market (if the Reference Rate is ROBOR), the Prague interbank market (if the Reference Rate is PRIBOR), the Hong Kong interbank market (if the Reference Rate is HIBOR or CNH HIBOR), the Singapore interbank market (if the Reference Rate is SIBOR), the Norwegian interbank market (if the Reference Rate is NIBOR), the Warsaw interbank market (if the Reference Rate is WIBOR) or the interbank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks promptly provide the Fiscal Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more bank(s) (which bank(s) is or are in the opinion of the Issuer suitable for the purpose) informs the Fiscal Agent it is quoting to leading banks in the London interbank market (if the Reference Rate is LIBOR), the eurozone interbank market (if the Reference Rate is EURIBOR), the Turkish Lira interbank market (if the Reference Rate is TLREF or TRLIBOR), the Romanian interbank market (if the Reference Rate is ROBOR), the Prague interbank market (if the Reference Rate is PRIBOR), the Hong Kong interbank market (if the Reference Rate is HIBOR or CNH HIBOR), the Singapore interbank market (if the Reference Rate is SIBOR), the Norwegian interbank market (if the Reference Rate is NIBOR), the Warsaw interbank market (if the Reference Rate is WIBOR) or the interbank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any); *provided* that if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, then the Rate of Interest shall be determined as of the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(iii) *Screen Rate Determination for Floating Rate Notes that reference SONIA and for which the Calculation Method is Compounded Daily SONIA*

Where "Screen Rate Determination" is specified in the applicable Final Terms for a Tranche as the manner in which the Rate of Interest for such Tranche is to be determined, the Reference Rate is specified in the applicable Final Terms as being SONIA and the Calculation Method is specified in the applicable Final Terms as being "Compounded Daily SONIA," then:

(A) The Rate of Interest for each Interest Accrual Period shall, subject as provided below, be Compounded Daily SONIA, as determined by the Calculation Agent, plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

(B) If, in respect of any London Banking Day in the relevant Observation Period, the applicable SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the SONIA Reference Rate in respect of such London Banking Day shall, unless the Calculation Agent has been notified of any Successor Rate or Alternative Rate (and, in either case, the applicable Adjustment Spread and the specific terms of any Benchmark Amendments) in accordance with Condition 6.7(I)(e), be the sum of: (1) the Bank of England's Bank Rate (the "*Bank Rate*") prevailing at 5:00 p.m. (or, if earlier, the close of business) on such London Banking Day and (2) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there are more than one highest spread, then only one of those highest spreads) and the lowest spread (or, if there are more than one lowest spread, then only one of those lowest spreads).

(C) Notwithstanding clause (B) of this Condition 6.2(b)(iii) and subject to Condition 6.7(I)(e), in the event the Bank of England publishes guidance as to: (1) how the SONIA Reference Rate is to be determined or (2) any rate that is to replace the SONIA Reference Rate, then the Calculation Agent shall, to the extent that is reasonably practicable and as set forth in a direction from the Issuer in writing, follow such guidance in order to determine the SONIA Reference Rate for any London Banking Day "i" for purposes of the Notes and for so long as the SONIA Reference Rate is not available or has not been published by the relevant authorised distributors.

(D) If, on any Interest Determination Date, the Rate of Interest cannot be determined by reference to any of clauses (A) to (C) of this Condition 6.2(b)(iii), then the Rate of Interest for the relevant Interest Accrual Period shall be: (1) the Rate of Interest determined as of the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (2) if there is no such preceding Interest Determination Date, the initial Rate of Interest that would have been applicable to such Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

(E) If the Notes become due and payable in accordance with Condition 11, then the final Rate of Interest shall be calculated for the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the date on which the Notes become so due and payable, and such Rate of Interest shall continue

to apply to the Notes for so long as interest continues to accrue thereon as provided in Condition 6.5.

(F) As used in this Condition 6.2(b)(iii):

"*Calculation Agent*" means the Fiscal Agent or such other entity specified in the applicable Final Terms as the Person responsible for the calculation of the Rate(s) of Interest and the Interest Amount(s) or such other amounts as may be specified in the applicable Final Terms.

"*Compounded Daily SONIA*" means, with respect to any Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily SONIA Reference Rate as reference rate for the calculation of interest) as calculated by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage shall be rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{Relevant\ SONIA_{\mathrm{i}}\ \times n_{\mathrm{i}}}{365}\right)-1\right]\times\frac{365}{d}$$

"*d*" means: (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the number of calendar days in the relevant Interest Accrual Period, or (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the number of calendar days in the relevant Observation Period,

"d_o" means: (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the number of London Banking Days in the relevant Interest Accrual Period, or (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the number of London Banking Days in the relevant Observation Period,

"*i*" means a series of whole numbers from one to d_o, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in: (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the relevant Interest Accrual Period, or (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant Observation Period,

"*Interest Accrual Period*" means: (a) each Interest Period and (b) any other Relevant Period,

"*London Banking Day*" or "*LBD*" means a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, England,

"n_i", for any London Banking Day "i", means the number of calendar days from and including such London Banking Day "i" up to but excluding the following London Banking Day,

"*Observation Look-Back Period*" means the period specified as such in the applicable Final Terms,

"*Observation Period*" means the period from (and including) the date falling "p" London Banking Days prior to the first day of the relevant Interest Accrual Period to (but excluding): (a) the date falling "p" London Banking Days prior to the Interest Payment

Date for such Interest Accrual Period or (b) such date (if any) on which the relevant payment of interest falls due (but that by its definition and the operation of the relevant provisions is excluded from the Interest Accrual Period),

"*p*" means the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Final Terms,

"*Relevant SONIAi*" means, in respect of any London Banking Day "i": (a) where "Lag" is specified as the Observation Method in the applicable Final Terms, SONIAi-pLBD, or (b) where "Shift" is specified as the Observation Method in the applicable Final Terms, SONIAiLBD,

"*SONIA Reference Rate*," in respect of any London Banking Day ("LBD_x"), means a reference rate equal to the daily Sterling Overnight Index Average ("*SONIA*") rate for such LBD_x as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors, in each case on the London Banking Day immediately following such LBD_x,

"*SONIAiLBD*" means, in respect of any London Banking Day "i" falling in the relevant Observation Period, the SONIA Reference Rate for such London Banking Day "i", and

"$SONIA_{i\text{-}pLBD}$" means, in respect of any London Banking Day "i" falling in the relevant Interest Accrual Period, the SONIA Reference Rate for the London Banking Day falling "p" London Banking Days prior to such London Banking Day "i".

(iv) *Screen Rate Determination for Floating Rate Notes that reference SONIA and for which the Calculation Method is Compounded Index Rate*

Where "Screen Rate Determination" is specified in the applicable Final Terms for a Tranche as the manner in which the Rate of Interest for such Tranche is to be determined, the Reference Rate is specified in the applicable Final Terms as being SONIA and the Calculation Method is specified in the applicable Final Terms as being "Compounded Index Rate," then the Rate of Interest for each Interest Accrual Period shall be Compounded Daily SONIA for the Interest Accrual Period determined by reference to the screen rate or index for Compounded Daily SONIA administered by the administrator of the SONIA Reference Rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the relevant Index Determination Dates specified below as further specified in the applicable Final Terms (the "*SONIA Compounded Index*") as calculated in accordance with the following formula (and the resulting percentage shall be rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) plus or minus (as indicated in the applicable Final Terms) the Margin, if any, all determined by the Calculation Agent.

Compounded Daily SONIA rate is equal to:

$$\left(\frac{SONIA\ Compounded\ Index_{y}}{SONIA\ Compounded\ Index_{x}} - 1\right) x \frac{365}{d}$$

where:

"*x*" denotes that the relevant SONIA Compounded Index is the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of the relevant Interest Accrual Period,

"*y*" denotes that the relevant SONIA Compounded Index is the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the Interest Payment Date for such Interest Accrual Period or such other date as when the relevant payment of interest falls to be due (but that by definition or the operation of the relevant provisions is excluded from such Interest Accrual Period),

a day on which the SONIA Compounded Index is determined pursuant to clause "*x*" or "*y*" above is referred to as an "*Index Determination Date*,"

"*d*" is the number of calendar days from (and including) the day in relation to which "*x*" is determined to (but excluding) the day in relation to which "*y*" is determined, and

"*Relevant Number*" is as specified in the applicable Final Terms (or, if no such number is so specified, five London Banking Days).

If the SONIA Compounded Index is not published or displayed by the administrator of the SONIA Reference Rate or other information service at the relevant time on any relevant Index Determination Date as specified in the applicable Final Terms, then the Compounded Daily SONIA rate for the applicable Interest Accrual Period for which SONIA Compounded Index is not available shall be "Compounded Daily SONIA" determined in accordance with Condition 6.2(b)(iii) above as if Compounded Daily SONIA had been specified in the applicable Final Terms in place of Compounded Index Rate. For these purposes, the "Calculation Method" shall be deemed to be "Compounded Daily SONIA," the "Relevant Number" specified in the applicable Final Terms shall be deemed to be the "Observation Lookback Period" and "Observation Method" shall be deemed be "Shift," as if Compounded Index Rate is not specified as being applicable and these alternative elections had been made.

If the Notes become due and payable in accordance with Condition 11, then the final Rate of Interest shall be calculated for the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the date on which the Notes become so due and payable, and such Rate of Interest shall continue to apply to the Notes for so long as interest continues to accrue thereon as provided in Condition 6.5.

(v) *Screen Rate Determination for Floating Rate Notes that reference SOFR and for which the Calculation Method is SOFR Index Rate with Observation Period Shift*

Where "Screen Rate Determination" is specified in the applicable Final Terms for a Tranche as the manner in which the Rate of Interest for such Tranche is to be determined, the Reference Rate is specified in the applicable Final Terms as being SOFR and the Calculation Method is specified in the applicable Final Terms as being "SOFR Index Rate with Observation Period Shift," then the Rate of Interest for each Interest Period shall be Compounded SOFR, as defined immediately below, plus or minus (as indicated in the applicable Final Terms) the Margin.

"*Compounded SOFR*," with respect to any Interest Period, means the rate computed in accordance with the following formula (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) x \frac{360}{d_c}$$

where:

"*SOFR Index*$_{Start}$" is the SOFR Index value for the day that is five U.S. Government Securities Business Days, or such other number of U.S. Government Securities Business

Days as specified in the applicable Final Terms, preceding the first date of the relevant Interest Period,

"*SOFR Index*$_{End}$" is the SOFR Index value for the day that is five U.S. Government Securities Business Days, or such other number of U.S. Government Securities Business Days as specified in the applicable Final Terms, preceding the interest payment date relating to such Interest Period, and

"d_c" is the number of calendar days from (and including) SOFR Index$_{Start}$ to (but excluding) SOFR Index$_{End}$.

"*Interest Period*" means each period, the duration of which will be indicated in the applicable Final Terms, from (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Interest Commencement Date) to (but excluding) the next Interest Payment Date (or, in the case of the final Interest Period, the Maturity Date or, if the Issuer elects to redeem the Floating Rate Notes on the redemption date, the redemption date).

"*SOFR Administrator*" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate).

"*SOFR Administrator's Website*" means the website of the Federal Reserve Bank of New York (currently www.newyorkfed.org/markets/treasury-repo-reference-rates-information) or any successor source.

"*SOFR Index*" with respect to any U.S. Government Securities Business Day means:

(a) the SOFR Index value as published by the SOFR Administrator as such index appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on such U.S. Government Securities Business Day (the "*SOFR Index Determination Time*"); *provided* that:

(b) if a SOFR Index value does not so appear as specified in clause (a) at the SOFR Index Determination Time, then:

(i) if a Benchmark Event and its related Benchmark Replacement Date (each as defined in Condition 6.7(II)) have not occurred with respect to SOFR, then Compounded SOFR shall be the rate determined pursuant to the "SOFR Index Unavailable Provisions" definition below, or

(ii) if a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to SOFR, then Compounded SOFR shall be the rate determined pursuant to Condition 6.7(II).

where:

"*SOFR*" means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator's Website,

"*SOFR Index Unavailable Provisions*": If a SOFR Index$_{Start}$ or SOFR Index$_{End}$ is not published on the associated Interest Determination Date and a Benchmark Event and its related Benchmark Replacement Date (each as defined in Condition 6.7(II)) have not occurred with respect to SOFR, then "Compounded SOFR" means, for the applicable Interest Period for which such index is not available, the rate of return on a daily compounded interest investment calculated in accordance with the formula for "SOFR Averages," and definitions required for such formula, published on the SOFR

Administrator's Website. For the purposes of this provision, references in the "SOFR Averages" compounding formula and related definitions to "calculation period" shall be replaced with "Observation Period" and the words "that is, 30-, 90-, or 180- calendar days" shall be removed. If the daily SOFR ("*SOFR$_i$*") does not so appear for any day "*i*" in the Observation Period, then SOFR$_i$ for such day "*i*" shall be SOFR published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website, and

"*Interest Determination Date*" means the date the number of U.S. Government Securities Business Days specified in the applicable Final Terms before each Interest Payment Date,

"*Observation Period*" means, in respect of each Interest Period, the period from (and including) the date that is the number of U.S. Government Securities Business Days specified in the applicable Final Terms preceding the first date in such Interest Period to (but excluding) the date that is the same number of U.S. Government Securities Business Days so specified and preceding the Interest Payment Date for such Interest Period, and

"*U.S. Government Securities Business Day*" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(vi) *Screen Rate Determination for Floating Rate Notes that reference SOFR and for which the Calculation Method is Compounded SOFR with Lookback*

Where "Screen Rate Determination" is specified in the applicable Final Terms for a Tranche as the manner in which the Rate of Interest for such Tranche is to be determined, the Reference Rate is specified in the applicable Final Terms as being SOFR and the Calculation Method is specified in the applicable Final Terms as being "Compounded SOFR Rate with Lookback," then the Rate of Interest for each Interest Period shall be Compounded SOFR, as defined immediately below, plus or minus (as indicated in the applicable Final Terms) the Margin.

"*Compounded SOFR*," with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SOFR_{i-\,yUSBD}\,x\,n_i}{360}\right)-1\right]x\,\frac{360}{d}$$

"d_0" for any Interest Period means the number of U.S. Government Securities Business Days in such Interest Period,

"*i*" means a series of whole numbers from one to d_0, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period,

"$SOFR_{i\text{-}yUSBD}$" for any U.S. Government Securities Business Day "*i*" in the relevant Interest Period is equal to SOFR in respect of the U.S. Government Securities Business Day falling "*y*" (the Lookback Number of U.S. Government Securities Business Days) days prior to that day "*i*",

"n_i" for any U.S. Government Securities Business Day "*i*" in the relevant Interest Period is the number of calendar days from (and including) such U.S. Government Securities Business Day "*i*" to (but excluding) the following U.S. Government Securities Business Day ("*i+1*"), and

"*d*" means the number of calendar days in the relevant Interest Period.

"*SOFR*," with respect to any U.S. Government Securities Business Day, means:

(a) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the next U.S. Government Securities Business Day (the "*SOFR Determination Time*"),

(b) if the rate specified in clause (a) does not so appear, unless both a Benchmark Event and its related Benchmark Replacement Date (as each such term is defined in Condition 6.7(II)) have occurred, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website, or

(c) if a Benchmark Event and its related Benchmark Replacement Date have occurred, the Benchmark Replacement, subject to the provisions described (and as defined) in Condition 6.7(II),

where:

"*Interest Period*" and "*Interest Determination Date*" each have the meaning ascribed to the respective term in Condition 6.2(b)(v), and

"*Lookback Number of U.S. Government Securities Business Days*" has the meaning specified in the applicable Final Terms and represented in the formula above as "y".

(vii) *Screen Rate Determination for Floating Rate Notes that reference SOFR and for which the Calculation Method is Compounded SOFR with Observation Period Shift*

Where "Screen Rate Determination" is specified in the applicable Final Terms for a Tranche as the manner in which the Rate of Interest for such Tranche is to be determined, the Reference Rate is specified in the applicable Final Terms as being SOFR and the Calculation Method is specified in the applicable Final Terms as being "Compounded SOFR with Observation Period Shift," then the Rate of Interest for each Interest Period shall be Compounded SOFR, as defined immediately below, plus or minus (as indicated in the applicable Final Terms) the Margin.

"*Compounded SOFR*," with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i \, x \, n_i}{360}\right)-1\right] x \, \frac{360}{d}$$

where:

"d_0" for any Observation Period means the number of U.S. Government Securities Business Days in the relevant Observation Period,

"*i*" means a series of whole numbers from one to d_0, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Observation Period,

"*SOFR$_i$*" for any U.S. Government Securities Business Day "*i*" in the relevant Observation Period is equal to SOFR (as defined in Condition 6.2(b)(vi)) in respect of that day "*i*",

"*n_i*" for any U.S. Government Securities Business Day "*i*" in the relevant Observation Period is the number of calendar days from (and including) such U.S. Government Securities Business Day "*i*" to (but excluding) the following U.S. Government Securities Business Day ("*i+1*");,and

"*d*" means the number of calendar days in the relevant Observation Period.

"Interest Period," "Interest Determination Date" and "Observation Period" each have the meaning ascribed to the respective term in Condition 6.2(b)(v).

(viii) *Screen Rate Determination for Floating Rate Notes that reference SOFR and for which the Calculation Method is Compounded SOFR with Payment Delay*

Where "Screen Rate Determination" is specified in the applicable Final Terms for a Tranche as the manner in which the Rate of Interest for such Tranche is to be determined, the Reference Rate is specified in the applicable Final Terms as being SOFR and the Calculation Method is specified in the applicable Final Terms as being "Compounded SOFR with Payment Delay," then the Rate of Interest for each Interest Period shall be Compounded SOFR, as defined immediately below, plus or minus (as indicated in the applicable Final Terms) the Margin.

"*Compounded SOFR*" with respect to any Interest Accrual Period means the rate of return of a daily compound interest investment computed in accordance with the following formula (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i\, x\, n_i}{360}\right)-1\right] x\ \frac{360}{d}$$

where:

"*d_0*" for any Interest Accrual Period means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period,

"*i*" means a series of whole numbers from one to *d_0*, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period,

"*SOFR$_i$*" for any U.S. Government Securities Business Day "*i*" in the relevant Interest Accrual Period is equal to SOFR (as defined in Condition 6.2(b)(vi)) in respect of that day "*i*",

"*n_i*" for any U.S. Government Securities Business Day "*i*" in the relevant Interest Accrual Period is the number of calendar days from (and including) such U.S. Government Securities Business Day "i" to (but excluding) the following U.S. Government Securities Business Day ("*i+1*"), and

"*d*" means the number of calendar days in the relevant Interest Accrual Period.

"*Interest Accrual Period*" means each quarterly period, or such other period as specified in the applicable Final Terms, from (and including) an Interest Accrual Period End Date (or, in the case of the first Interest Accrual Period, the issue date) to (but excluding) the next Interest Accrual Period End Date (or, in the case of the final Interest Accrual Period, the Maturity Date or, if the Issuer elects to redeem the Compounded SOFR Rate Floating Notes with Payment Delay on any earlier redemption date, the redemption date).

"*Interest Accrual Period End Dates*" means the dates specified in the applicable Final Terms, ending on the Maturity Date or, if the Issuer elect to redeems the Compounded SOFR Rate Floating Notes with Payment Delay on any earlier redemption date, the redemption date.

"*Interest Payment Date*" means the second Business Day, or such other Business Day as specified in the applicable Final Terms, following each Interest Accrual Period End Date; *provided* that the Interest Payment Date with respect to the final Interest Accrual Period shall be the Maturity Date or, if the Issuer elects to redeem the Compounded SOFR Rate Notes with Payment Delay on any earlier redemption date, the redemption date.

"*Interest Payment Determination Date*" means the Interest Accrual Period End Date at the end of each Interest Accrual Period; *provided* that the Interest Payment Determination Date with respect to the final Interest Accrual Period shall be the Rate Cut-Off Date.

"*Rate Cut-Off Date*" means the fifth U.S. Government Securities Business Day, or such other U.S. Government Securities Business Day as specified in the applicable Final Terms, prior to the Maturity Date or redemption date, as applicable. For purposes of calculating Compounded SOFR with respect to the final Interest Accrual Period, the level of SOFR for each U.S. Government Securities Business Day in the period from (and including) the Rate Cut-Off Date to (but excluding) the Maturity Date or any earlier redemption date, as applicable, shall be the level of SOFR in respect of such Rate Cut-Off Date.

If any scheduled Interest Accrual Period End Date falls on a day that is not a Business Day, then such date shall be postponed to the following Business Day except that, if such following Business Day would fall in the next calendar month, then the Interest Accrual Period End Date shall be the immediately preceding Business Day.

(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms for a Tranche of Floating Rate Notes specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 6.2(b) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period for such Tranche shall be such Minimum Rate of Interest.

If the applicable Final Terms for a Tranche of Floating Rate Notes specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 6.2(b) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period for such Tranche shall be such Maximum Rate of Interest.

A Final Terms may specify both a Minimum Rate of Interest and a Maximum Rate of Interest for a Tranche. Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(d) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Fiscal Agent or the Calculation Agent, as applicable, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period (or any other Relevant Period).

The Fiscal Agent or the Calculation Agent, as applicable, will calculate the Interest Amount payable on the Floating Rate Notes for the relevant Interest Period (or any other Relevant Period) by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes that are represented by a Global Note, the aggregate outstanding principal amount of the Notes represented by such Global Note, or

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is an amount other than the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

(e) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based upon the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where "ISDA Determination" is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period; *provided* that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer, in consultation with an independent adviser acting in good faith and in a commercially reasonable manner as an expert appointed by the Issuer in its reasonable discretion, determines appropriate. For the purposes of this Condition 6.2(e) only, "Calculation Agent" shall mean the Issuer or, if so specified in the applicable Final Terms, a financial institution of international repute appointed by the Issuer at its own expense for these purposes.

"*Designated Maturity*" means, in relation to Screen Rate Determination only, the period of time designated in the Reference Rate.

6.3 Notification of Rate of Interest and Interest Amounts

In the case of Floating Rate Notes and Modified Fixed Rate Notes in respect of which Interest Periods and Interest Amounts are specified in the applicable Final Terms as being subject to adjustment, the Fiscal Agent or the Calculation Agent, as applicable, will cause: (a) to be notified to the Issuer and any stock exchange on which (at the request of the Issuer) the relevant Notes are for the time being listed: (i) each Interest Amount for each Interest Period and the relevant Interest Payment Date and (ii) in the case of Floating Rate Notes, the Rate of Interest, and (b) notice thereof to be published in accordance with Condition 15, in each case, as soon as possible after their determination but in no event later than the fourth London Business Day thereafter (or, in the case of Notes where the applicable Final Terms specify the Reference Rate as being SONIA or SOFR, no later than the second London Banking Day or U.S. Government Securities Business Day, respectively, thereafter). Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange (if any) on which the relevant Notes are for the time being listed at the request of the Issuer and to the Noteholders in accordance with Condition 15. 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.

6.4 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 6 and Condition 7.11, whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest or proven error) be binding upon the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Fiscal Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers and duties pursuant to such provisions.

6.5 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from (and including) the date specified for its redemption unless, upon due presentation thereof, payment of principal in respect of such Note is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note (or part thereof) 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 in respect of 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 15.

6.6 Day Count Fraction and Business Day Convention

(a) *Day Count Fraction*

"*Day Count Fraction*" means, in respect of the calculation of an amount of interest in accordance with this Condition 6:

(i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(A) in the case of Notes where the number of days in the Relevant Period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "*Accrual Period*") is equal to or shorter than the Determination Period during which the Accrual Period ends, then the number of days in such Accrual Period divided by the product of: (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year, or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, then the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of: (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year, and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of: (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year,

"*Determination Period*" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date),

(ii) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, then the actual number of days in the Interest Period or other Relevant Period, as the case may be, *divided by* 365 (or, if any portion of such period falls within a leap year, the sum of: (A) the actual number of days in that portion of the period falling in a leap year *divided by* 366 and (B) the actual number of days in that portion of the period falling in a non-leap year *divided by* 365),

(iii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, then the actual number of days in the Interest Period or other Relevant Period, as the case may be, *divided by* 365,

(iv) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, then the actual number of days in the Interest Period or other Relevant Period, as the case may be, *divided by* 365 or, in the case of an Interest Payment Date falling in a leap year, 366,

(v) if "Actual/360" is specified in the applicable Final Terms, then the actual number of days in the Interest Period or other Relevant Period, as the case may be, *divided by* 360,

(vi) if "30/360," "360/360" or "Bond Basis" is specified in the applicable Final Terms, then the number of days in the Interest Period or other Relevant Period, as the case may be, *divided by* 360, calculated on a formula basis as follows:

(A) in the case of Fixed Rate Notes, on the basis of a year of 360 days with 12 30-day months, and

(B) in the case of Floating Rate Notes, on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"*Y1*" is the year, expressed as a number, in which the first day of such period falls,

"*Y2*" is the year, expressed as a number, in which the day immediately following the last day of such period falls,

"*M1*" is the calendar month, expressed as a number, in which the first day of such period falls,

"*M2*" is the calendar month, expressed as a number, in which the day immediately following the last day of such period falls,

"D_1" is the first calendar day, expressed as a number, of such period unless such number is 31, in which case D_1 will be 30, and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in such period unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30,

(vii) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, then the number of days in the Interest Period or other Relevant Period, as the case may be, *divided by* 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"*Y1*" is the year, expressed as a number, in which the first day of such period falls,

"*Y2*" is the year, expressed as a number, in which the day immediately following the last day of such period falls,

"*M1*" is the calendar month, expressed as a number, in which the first day of such period falls,

"*M2*" is the calendar month, expressed as a number, in which the day immediately following the last day of such period falls,

"D_1" is the first calendar day, expressed as a number, of such period unless such number would be 31, in which case D_1 will be 30, and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in such period unless such number would be 31, in which case D_2 will be 30, and

(viii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, then the number of days in the Interest Period or other Relevant Period, as the case may be, *divided by* 360, calculated on a formula basis as follows:

where:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

"*Y1*" is the year, expressed as a number, in which the first day of such period falls,

"*Y2*" is the year, expressed as a number, in which the day immediately following the last day of such period falls,

"*M1*" is the calendar month, expressed as a number, in which the first day of such period falls,

"*M2*" is the calendar month, expressed as a number, in which the day immediately following the last day of such period falls,

"D_1" is the first calendar day, expressed as a number, of such period unless: (A) that day is the last day of February or (B) such number would be 31, in which case D_1 will be 30, and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in such period unless: (A) that day is the last day of February but not the Maturity Date or (B) such number would be 31, in which case D_2 will be 30.

(b) *Business Day Convention*

If a Business Day Convention is specified in the applicable Final Terms and: (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any

Interest Payment Date would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

(i) in the case of Floating Rate Notes where Specified Periods are specified in accordance with Condition 6.2 above, the "Floating Rate Convention," then such Interest Payment Date: (A) in the case of clause (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of clause (2) below shall apply *mutatis mutandis*, or (B) in the case of clause (y) above, shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event: (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month that falls within the Specified Period after the preceding applicable Interest Payment Date occurred,

(ii) the "Following Business Day Convention," then such Interest Payment Date shall be postponed to the next day that is a Business Day,

(iii) the "Modified Following Business Day Convention," then such Interest Payment Date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day, or

(iv) the "Preceding Business Day Convention," then such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

6.7 Benchmark Discontinuation – Reference Rate Replacement

I. The following Benchmark Discontinuation and Reference Rate Replacement provisions in this Condition 6.7(I) apply to all Floating Rate Notes other than those for which the Reference Rate is U.S. dollar LIBOR or SOFR and Condition 6.7(II) is specified in the applicable Final Terms.

(a) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part(s) thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6.7(I)(b)), and, in each case, an Adjustment Spread (in accordance with Condition 6.7(I)(c)) and any other required Benchmark Amendments (in accordance with Condition 6.7(I)(d)).

An Independent Adviser appointed pursuant to this Condition 6.7(I) shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 6.7(I).

(b) *Successor Rate or Alternative Rate*

Notwithstanding the provisions of Condition 6.2(b), if the Issuer, following consultation with an Independent Adviser pursuant to Condition 6.7(I)(a) and acting in good faith and in a commercially reasonable manner, determines that a Benchmark Event has occurred and that:

(i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 6.7(I)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all relevant future payments of

interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 6.7(I)), or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 6.7(I)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 6.7(I)).

(c) *Adjustment Spread*

If any Successor Rate or Alternative Rate is determined in accordance with Condition 6.7(I)(b), then the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, shall determine an Adjustment Spread (which may be expressed as a specific quantum of, or a formula or methodology for determining, such Adjustment Spread and, for the avoidance of doubt, may be positive, negative or zero), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or any component part(s) thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(d) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with the foregoing provisions of this Condition 6.7(I) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines: (i) that additional amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the "*Benchmark Amendments*") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 6.7(I)(e), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 6.7(I)(d), the Issuer shall comply with the rules of any stock exchange or other relevant authority on or by which the Notes are for the time being listed or admitted to trading.

Notwithstanding the foregoing provisions of this Condition 6.7(I)(d), neither the Calculation Agent nor any other Paying Agent is obliged to concur with the Issuer in respect of any Benchmark Amendments that, in the sole opinion of the Calculation Agent or such other Paying Agent, in each case, acting reasonably and in good faith, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or, as the case may be, such other Paying Agent in the Agency Agreement.

(e) *Notices, etc.*

The occurrence of a Benchmark Event, any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread and the specific terms of any Benchmark Amendments, each as determined under this Condition 6.7(I), will be notified promptly by the Issuer to the Calculation Agent and the other Paying Agents (and, in any case, no later than five business days in London prior to the first Interest Determination Date on which the relevant Successor Rate or, as the case may be, Alternative Rate is to be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof)) and, in accordance with Condition 15, to the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

Prior to any Benchmark Amendments taking effect and no later than one London Business Day following the date of notifying the Calculation Agent of the same, the Issuer shall deliver to the Calculation Agent a certificate signed by two authorised signatories of the Issuer:

(i) confirming: (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate and (in either case) the applicable Adjustment Spread and (C) where applicable, the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 6.7(I), and

(ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Calculation Agent shall display such certificate at its offices for inspection by the Noteholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate, the applicable Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate, the applicable Adjustment Spread and the Benchmark Amendments (if any)) be binding upon the Issuer, the Calculation Agent, the other Paying Agents, the Noteholders and the Couponholders.

(f) *Survival of Original Reference Rate and Fallback Provisions*

Without prejudice to the obligations of the Issuer under Condition 6.7(I)(a) through Condition 6.7(I)(e), the Original Reference Rate and the fallback provisions provided for in Condition 6.2(b) will continue to apply unless and until a Benchmark Event has occurred in relation to the Original Reference Rate and the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), the applicable Adjustment Spread and any Benchmark Amendments, in each case, in accordance with Condition 6.7(I)(e).

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the relevant Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) (and, in either case, the applicable Adjustment Spread) is determined and notified to the Calculation Agent pursuant to this Condition 6.7(I), then the Original Reference Rate will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided for in Condition 6.2(b) will (if applicable) continue to apply to such determination.

For the avoidance of doubt, the preceding paragraph shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 6.7(I).

(g) *Defined Terms*

As used in this Condition 6.7(I):

"*Adjustment Spread*" means either: (i) a spread (which may be positive, negative or zero) or (ii) a formula or methodology for calculating a spread, which, in each case, is to be applied to the Successor Rate or the Alternative Rate (as the case may be) in accordance with Condition 6.7(I)(b) and is the spread, formula or methodology that:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body,

(B) in the case of a Successor Rate where no such formal recommendation as described in clause (A) has been made or in the case of an Alternative Rate, the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets to produce an industry-accepted replacement rate for the Original Reference Rate,

(C) if the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, that no such spread, formula or methodology is customarily applied in international debt capital markets as described in clause (B), the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions that reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), or

(D) if the Issuer determines that none of clauses (A), (B) or (C) applies, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and, if applicable, Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be),

"*Alternative Rate*" means an alternative to the Original Reference Rate that the Issuer determines in accordance with Condition 6.7(I)(b) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) for debt securities with a commensurate interest period and in the same Specified Currency as the Notes,

"*Benchmark Amendments*" has the meaning given to it in Condition 6.7(I)(d),

"*Benchmark Event*" means, with respect to an Original Reference Rate:

(i) the Original Reference Rate ceasing to be published for a period of at least five London business days or ceasing to exist or be administered,

(ii) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances in which no successor administrator has been appointed that will continue publication of the Original Reference Rate),

(iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date, be permanently or indefinitely discontinued,

(iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, by a specified date, be prohibited from being used (either generally or in respect of the Notes),

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is no longer representative of the relevant underlying market or may no longer be used, or

(vi) it has become unlawful for the Calculation Agent, any other Paying Agent or the Issuer to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate;

provided that, notwithstanding clauses (ii) through (v), each such Benchmark Event shall only be deemed to occur: (A) in the case of clauses (ii) and (iii), on the date of the cessation of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (B) in the case of clause (iv), on the date of prohibition of use of the Original Reference Rate, and (C) in the case of clause (v), on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market or may no longer be used and that is specified in the public statement, and, in each case, not the date of the relevant public statement,

"*Calculation Agent*" means the Fiscal Agent or, for any Series, such other entity specified in the applicable Final Terms as the Person responsible for the calculation of the Rate(s) of Interest and the Interest Amount(s),

"*Independent Adviser*" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in the international debt capital markets appointed by the Issuer, at its own expense, under Condition 6.7(I)(a),

"*Original Reference Rate*" means the originally-specified Reference Rate used to determine the Rate of Interest (or any component part(s) thereof) in respect of any Interest Period(s) on the Notes, as specified in the applicable Final Terms,

"*Relevant Nominating Body*" means, in respect of an Original Reference Rate:

(i) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority that is responsible for supervising the administrator of such Original Reference Rate, or

(ii) any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which such Original Reference Rate relates, (B) any central bank or other supervisory authority that is responsible for supervising the administrator of such Original Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof, and

"*Successor Rate*" means a successor to or replacement of the Original Reference Rate that is formally recommended by any Relevant Nominating Body.

II. The following Benchmark Discontinuation and Reference Rate Replacement provisions in this Condition 6.7(II) apply to all Floating Rate Notes for which the Reference Rate is U.S. Dollar LIBOR or SOFR and Condition 6.7(II) is specified in the applicable Final Terms.

(a) *Effect of a Benchmark Event*

(i) *Benchmark Replacement*. If the Issuer determines that a Benchmark Event and its related Benchmark Replacement Date have occurred before the Reference Time in respect of any determination of the Benchmark on any date, then the Benchmark Replacement shall replace the then-current Benchmark for all purposes relating to the Floating Rate Notes in respect of such determination on such date and all determinations on all subsequent dates.

(ii) *Benchmark Replacement Conforming Changes*. In connection with the implementation and administration of a Benchmark Replacement, the Issuer shall have the right to make Benchmark Replacement Conforming Changes from time to time.

If the Issuer exercises its right to make any Benchmark Replacement Conforming Changes, then the Issuer and the Agents shall, without any requirement for the consent or approval of Noteholders, agree to the necessary modifications to these Conditions and/or the Agency

Agreement to give effect to such Benchmark Replacement Conforming Changes with effect from the date specified in such notice.

In connection with any Benchmark Replacement Conforming Changes in accordance with this Condition 6.7(II)(a)(ii), the Issuer shall comply with the rules of any stock exchange on which (at the request of the Issuer) the Notes are for the time being listed or by which they have been admitted to trading.

(iii) *Decisions and Determinations*. Any determination, decision or election that may be made by the Issuer pursuant to this Condition 6.7(II), including any determination with respect to tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (including with respect to any Benchmark Replacement Conforming Changes): (A) will be conclusive and binding upon all parties absent manifest error and subject as provided in this Condition 6.7(II), (B) shall be made in the Issuer's sole discretion and (C) subject as provided in this Condition 6.7(II), shall become effective without consent from any Noteholder, Agent or other Person. None of the Fiscal Agent, the Calculation Agent, the Exchange Agent or the Registrar will have any liability for any determination made by or on behalf of the Issuer in connection with a Benchmark Event or a Benchmark Replacement.

In no event shall the Calculation Agent be responsible for determining any substitute U.S. dollar LIBOR or SOFR or for making any adjustments to any alternative benchmark or spread thereon, the business day convention, the interest determination dates or any other relevant methodology for calculating any such substitute or successor benchmark. In connection with this Condition 6.7(II), the Calculation Agent will be entitled to conclusively rely upon any determinations made by or on behalf of the Issuer and shall have no liability for such actions taken at the direction of the Issuer.

(iv) *Notice*

Any Benchmark Replacement, and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 6.7(II) shall be notified promptly by the Issuer to the Paying Agents and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Replacement and the Benchmark Replacement Conforming Changes, if any.

(b) *Defined Terms*

(i) As used in this Condition 6.7(II) for Floating Rate Notes with a Reference Rate of U.S. dollar LIBOR:

"*Benchmark*" means, initially, U.S. dollar LIBOR; *provided* that if a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to U.S. dollar LIBOR or the then-current Benchmark, then "Benchmark" means the then-applicable Benchmark Replacement,

"*Benchmark Event*" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease on a specified date to provide the Benchmark, permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (for purposes hereof, it is noted that such a Benchmark Event has occurred with respect to U.S. dollar LIBOR as a result of the administrator's announcement on 5 March 2021 (the "*March 2021 IBA Announcement*")),

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark announcing or stating that the administrator of the Benchmark has ceased or will cease on a specified date to provide the Benchmark permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark, or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing or stating that the Benchmark is no longer representative,

"*Benchmark Replacement*" means the Interpolated Benchmark; *provided* that if the Issuer cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(a) the sum of: (i) Term SOFR and (ii) the Benchmark Replacement Adjustment,

(b) the sum of: (i) Compounded SOFR and (ii) the Benchmark Replacement Adjustment,

(c) the sum of: (i) an alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (ii) the Benchmark Replacement Adjustment,

(d) the sum of: (i) the ISDA Fallback Rate and (ii) the Benchmark Replacement Adjustment, and

(e) the sum of: (i) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (ii) the Benchmark Replacement Adjustment,

"*Benchmark Replacement Adjustment*" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(a) the spread adjustment (which may be a positive or negative value or zero), or method for calculating or determining such spread adjustment, that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement,

(b) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment, or

(c) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time,

"*Benchmark Replacement Conforming Changes*" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the

definitions or interpretations of Interest Period, the timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the Interest Period, the rounding of amounts or tenors and other administrative matters) that the Issuer decides are appropriate to make to these Conditions and/or the Agency Agreement to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, then in such other manner as the Issuer determines is reasonably necessary),

"*Benchmark Replacement Date*" means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Event," the later of: (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (it is noted that, as a result of (and as of the date of) the March 2021 IBA Announcement, the Benchmark Replacement Date for U.S. dollar LIBOR is: (A) 30 June 2023 with respect to periods of one night or one, three, six or 12 months and (B) 31 December 2021 otherwise; *provided* that such date might be earlier if another Benchmark Event occurs with respect to U.S. dollar LIBOR), or

(b) in the case of clause (c) of the definition of "Benchmark Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, then the Benchmark Replacement Date shall be deemed to have occurred prior to the Reference Time for such determination,

"*Compounded SOFR*" means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate (or methodology for this rate) and conventions for this rate (which will be compounded in arrear with a lookback and/or suspension period as a mechanism to determine the Interest Amount payable before the end of each Interest Period) being established by the Issuer in accordance with the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; *provided* that if, and to the extent that, the Issuer determines that Compounded SOFR cannot be so determined, then the rate (or methodology for this rate) and conventions for this rate that have been selected by the Issuer giving due consideration to any industry-accepted market practice for U.S. dollar-denominated floating rate notes at such time,

"*Corresponding Tenor*" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark,

"*Federal Reserve Bank of New York's Website*" means the website of the Federal Reserve Bank of New York (currently at http://www.newyorkfed.org), or any successor source,

"*Interpolated Benchmark*" with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (a) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (b) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor,

"*ISDA Fallback Adjustment*" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor,

"*ISDA Fallback Rate*" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment,

"*Reference Time*" with respect to any determination of the Benchmark means: (a) if the Benchmark is U.S. dollar LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination, and (2) otherwise, the time determined by the Issuer in accordance with the Benchmark Replacement Conforming Changes,

"*Relevant Governmental Body*" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto,

"*SOFR*" with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

"*Term SOFR*" means the forward-looking term rate for the applicable Corresponding Tenor based upon SOFR that has been selected or recommended by the Relevant Governmental Body, and

"*Unadjusted Benchmark Replacement*" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(ii) As used in this Condition 6.7(II) for Floating Rate Notes with a Reference Rate of SOFR:

"*Benchmark*" means, initially, Compounded SOFR, as such term is defined in Conditions 6.2(b)(v) through (viii); *provided* that if a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement,

"*Benchmark Event*" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease on a specified date to provide the Benchmark, permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark,

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark announcing or stating that the administrator of the Benchmark has ceased or will cease on a specified date to provide the Benchmark permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark, or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing or stating that the Benchmark is no longer representative,

"*Benchmark Replacement*" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(a) the sum of: (i) an alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (ii) the Benchmark Replacement Adjustment,

(b) the sum of: (i) the ISDA Fallback Rate and (ii) the Benchmark Replacement Adjustment, and

(c) the sum of: (i) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (ii) the Benchmark Replacement Adjustment,

"*Benchmark Replacement Adjustment*" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(a) the spread adjustment (which may be a positive or negative value or zero), or method for calculating or determining such spread adjustment, that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement,

(b) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment, and

(c) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time,

"*Benchmark Replacement Conforming Changes*" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definitions or interpretations of Interest Period, the timing and frequency of determining rates and making payments of interest, the rounding of amounts or tenors and other administrative matters) that the Issuer decides are appropriate to make to these Conditions and/or the Agency Agreement to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, then in such other manner as the Issuer determines is reasonably practicable),

"*Benchmark Replacement Date*" means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Event," the later of: (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark, or

(b) in the case of clause (c) of the definition of "Benchmark Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt: (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, then the Benchmark Replacement Date shall be deemed to have occurred prior to the Reference Time for such determination, and (ii) for purposes of the definitions of Benchmark Replacement Date and Benchmark Event, references to Benchmark also include any reference rate underlying such Benchmark,

"*Corresponding Tenor*" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark,

"*Federal Reserve Bank of New York's Website*" means the website of the Federal Reserve Bank of New York (currently at http://www.newyorkfed.org), or any successor source.

"*ISDA Fallback Adjustment*" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor,

"*ISDA Fallback Rate*" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment,

"*Reference Time*" with respect to any determination of the Benchmark means: (a) if the Benchmark is SOFR Compounded Index, the SOFR Index Determination Time, and (b) otherwise, the time determined by the Issuer in accordance with the Benchmark Replacement Conforming Changes,

"*Relevant Governmental Body*" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto, and

"*Unadjusted Benchmark Replacement*" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

6.8 Defined Terms

In these Conditions:

"*Business Day*" means:

(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 each Specified Business Centre (other than the Trans-European Automatic Real-Time Gross Settlement Express Transfer (TARGET 2) System (or any successor thereto) (the "*TARGET 2 System*")) specified in the applicable Final Terms,

(b) if the TARGET 2 System is specified as a Specified Business Centre in the applicable Final Terms, then a day on which the TARGET 2 System is open, and

(c) either: (i) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency, or (ii) in relation to any sum payable in euro, a day on which the TARGET 2 System is open,

"*Interest Amount*" means the amount of interest,

"*Interest Commencement Date*" means, with respect to a Tranche of Notes, the date (if any) specified as such in the applicable Final Terms from (and including) which such Notes will accrue interest, which may or may not be their Issue Date,

"*Interest Period*" for a Series means the period from (and including) an Interest Payment Date for such Series (or, in respect of the first Interest Period for such Series, its Interest Commencement Date) to (but excluding) the next (or, in respect of the first Interest Period, first) Interest Payment Date for such Series,

"*Reference Banks*" means:

(a) in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market,

(b) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market,

(c) in the case of a determination of TLREF or TRLIBOR, the principal İstanbul office of four major banks in the Turkish Lira interbank market,

(d) in the case of a determination of ROBOR, the principal Bucharest office of four major banks in the Romanian interbank market,

(e) in the case of a determination of PRIBOR, the principal Prague office of four major banks in the Prague interbank market,

(f) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong interbank market,

(g) in the case of a determination of SIBOR, the principal Singapore office of four major banks in the Singapore interbank market,

(h) in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Norwegian interbank market,

(i) in the case of a determination of WIBOR, the principal Warsaw office of four major banks in the Warsaw interbank market, and

(j) in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong interbank market,

in each case, as selected by the Issuer or as otherwise specified in the applicable Final Terms,

"*Reference Rate*" means, unless otherwise specified in the applicable Final Terms: (a) the London interbank offered rate ("*LIBOR*"), (b) the Euro-zone interbank offered rate ("*EURIBOR*"), (c) the Turkish Lira overnight reference rate ("*TLREF*"), (d) the Turkish Lira interbank offered rate ("*TRLIBOR*"), (e) the Hong Kong interbank offered rate ("*HIBOR*"), (f) the Romanian interbank offered rate ("*ROBOR*"), (g) the Prague interbank offered rate ("*PRIBOR*"), (h) the Singapore interbank offered rate ("*SIBOR*"), (i) the Norwegian interbank offered rate ("*NIBOR*"), (j) the

Warsaw interbank offered rate ("*WIBOR*"), (k) the CNH Hong Kong interbank offered rate ("*CNH HIBOR*"), (l) SONIA or (m) SOFR, in each case, as specified in the applicable Final Terms,

"*Relevant Period*" means the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date,

"*Specified Time*" means, with respect to a Tranche of Notes, the time specified as such in the applicable Final Terms, and

"*sub-unit*" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

7. PAYMENTS

7.1 Method of Payment

Except as provided in this Condition 7, payments in a Specified Currency will be made by credit or transfer to an account in the relevant Specified Currency (or any account to which such Specified Currency may be credited or transferred) maintained by the payee or, at the option of the payee, by a cheque in such Specified Currency drawn on a bank or other financial institution that processes payments in the Specified Currency.

Payments in respect of principal and interest on the Notes will be subject in all cases to: (a) any fiscal or other laws applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9, and (b) any withholding or deduction ("*FATCA Withholding Tax*") required pursuant to FATCA.

In these Conditions, "*FATCA*" means: (a) an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"), (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 Presentation of Definitive Bearer Notes and Coupons

Notwithstanding any other provision of these Conditions to the contrary, payments of principal in respect of a Definitive Bearer Note shall (subject as provided below in this Condition 7.2) be made in the manner provided in Condition 7.1 only against surrender (or, in the case of part payment of any sum due, presentation and endorsement) of such Definitive Bearer Note, and payments of interest in respect of a Definitive Bearer Note will (subject as provided below) be made as aforesaid only against surrender (or, in the case of part payment of any sum due, presentation and endorsement) of the applicable Coupon(s), in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9.2(a)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Definitive Bearer Note becoming due and repayable prior to its Maturity Date, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, then interest (if any) accrued in respect of such Definitive Bearer Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of such Definitive Bearer Note.

A "*Long Maturity Note*" is a Fixed Rate Note (other than a Fixed Rate Note that on issue had a Talon attached) whose principal amount on issue is less than the aggregate interest payable thereon; *provided* that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid thereon after that date is less than the principal amount of such Note.

7.3 Payments in Respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified in Condition 7.2 in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note, where applicable against surrender or, as the case may be, presentation and endorsement, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note either by the Paying Agent to which it was presented or in the records of Euroclear or Clearstream, Luxembourg, as applicable.

7.4 Payments in Respect of Registered Notes

Payments of principal to redeem a Registered Note (whether or not in global form) in full will be made against surrender of such Registered Note 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 such Registered Note appearing in the Register at: (a) where in global form and held under the "new safekeeping structure" for registered global securities that are intended to constitute eligible collateral for Eurosystem monetary policy operations (the "*NSS*"), 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) in all other cases, the close of business at the specified office of the Registrar on the 15th day before the relevant due date (or, if such 15th day is not a day on which banks are open for business in the city where the specified office of the Registrar is located, then the first such day prior to such 15th day) (in each case, the "*Record Date*"). Notwithstanding the previous sentence, if: (i) a holder does not have a Designated Account or (ii) the principal amount of such Registered Note is less than US$250,000 (or its approximate equivalent in any other Specified Currency), then payment may instead be made by a cheque in the Specified Currency drawn on a Designated Bank. For these purposes, "*Designated Account*" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "*Designated Bank*" means any bank or other financial institution that processes payments in such Specified Currency.

Except as set forth in the next and final sentences of this paragraph, payments of interest and (except upon redemption in full) principal in respect of a Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of such Registered Note appearing in the Register at the close of business on the relevant Record Date at the address of such holder shown in the Register on such Record Date and at such holder's risk. Upon application of such holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or any such payment of principal in respect of a Registered Note, such payment will be made by transfer on the due date in the manner provided in the preceding paragraph for the final payment of principal on the applicable Registered Note. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and principal in respect of such Registered Note that become payable to the holder thereof who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of a Registered Note on redemption will be made in the same manner as the final payment of the principal of such Registered Note as described in the preceding paragraph.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition

arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by any Agent in respect of any payments of principal or interest in respect of the Registered Notes, except as provided in Conditions 7.8 and 7.9.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Fiscal Agent to an account of the Exchange Agent in the relevant Specified Currency on behalf of DTC or its nominee for: (x) payment in such Specified Currency or (y) conversion into and payment in U.S. dollars, in each case, in accordance with the provisions of the Agency Agreement and Condition 7.9.

None of the Issuer or any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 General Provisions Applicable to Payments

Except as provided in the Deed of Covenant, the registered holder of a Registered Global Note or the holder of a Bearer Global Note shall be the only Person entitled to receive payments in respect of the Notes represented by such Global Note 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 DTC, Euroclear or Clearstream, Luxembourg, as the case may be, as the beneficial owner of a particular principal amount of Notes represented by a Global Note must look solely to DTC, 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 a Registered Global Note or the holder of a Bearer Global Note. Except as provided in the Deed of Covenant, no Person other than the registered holder of a Registered Global Note or the holder of a Bearer Global Note shall have any claim against the Issuer in respect of any payments due on such Global Note.

Notwithstanding the provisions of Conditions 7.2 and 7.3, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, then such payments will be made at the specified office of a Paying Agent in the United States only if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due,

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars, and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

7.6 Payment Business Day

If the date for payment of any amount in respect of any Note or Coupon 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 (except in the case of Modified Fixed Rate Notes and Modified Floating Rate Notes where a Payment Business Day Convention is specified in the applicable Final Terms, in which case such holder will be entitled to payment on the Payment Business Day in the relevant place as determined in accordance with the Payment Business Day Convention so specified) and, in any such case, 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, except as set forth in the applicable Final Terms, a Saturday or Sunday) that (subject to Condition 10) 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 Notes only, the relevant place of presentation, and

(ii) any Specified Financial Centre (other than the TARGET 2 System) specified in the applicable Final Terms,

(b) if the TARGET 2 System is specified as a Specified Financial Centre in the applicable Final Terms, a day on which the TARGET 2 System is open,

(c) either: (i) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency, or (ii) in relation to any sum payable in euro, a day on which the TARGET 2 System is open (in each of clauses (i) and (ii), disregarding any elections to receive payment in a different currency pursuant to Conditions 7.8 and7.9), and

(d) in the case of any payment in respect of a Global Note, a day on which DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, settle(s) payments in the applicable Specified Currency (or, with respect to DTC, U.S. dollars), and

"*Payment Business Day Convention*" means, if the Payment Business Day Convention is specified in the applicable Final Terms as the:

(a) Following Business Day Convention, the next following Payment Business Day,

(b) Modified Following Business Day Convention, the next day that is a Payment Business Day unless it would thereby fall into the next calendar month, in which event the holder shall be entitled to such payment at the place of presentation on the immediately preceding Payment Business Day, or

(c) Preceding Business Day Convention, the immediately preceding Payment Business Day.

7.7 Interpretation of Principal and Interest

Any reference in these Conditions to principal in respect of a Note shall be deemed to include, as applicable:

(a) any Additional Amounts that may be payable with respect to such principal under Condition 9.1,

(b) the Final Redemption Amount of such Note,

(c) the Early Redemption Amount of such Note,

(d) the Optional Redemption Amount(s) (if any) of such Note,

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.5) of such Note, and

(f) any premium and any other amounts (other than interest) that may be payable by the Issuer under or in respect of such Note.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts that may be payable with respect to such interest under Condition 9.1.

7.8 U.S. Dollar Exchange and Payments on Turkish Lira-denominated Notes held other than through DTC

(a) If "USD Payment Election" is specified in the applicable Final Terms as being applicable, the Specified Currency set out in such Final Terms is Turkish Lira and interests in the Notes are not represented by a Registered Global Note registered in the name of DTC (or a nominee thereof) or by a Global Note held under the NSS, then the holder thereof (determined as of the applicable Record Date in the case of Registered Notes) may, no more than 14 days and no less than five Business Days before the due date (the "*Relevant Payment Date*") for the next payment of interest and/or principal on such Note (such period, the "*USD Election Period*"), give an irrevocable election to any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) to receive such payment in U.S. dollars instead of Turkish Lira (a "*USD Payment Election*"). Upon its receipt of such an election, the relevant Paying Agent or the Registrar (as applicable) shall notify the Fiscal Agent on the Business Day following each USD Election Period of the USD Payment Elections made by the Noteholders during such USD Election Period and, upon its receipt of such notification, the Fiscal Agent shall notify the Exchange Agent of the proportion of such interest and/or principal in respect of the Notes due on the Relevant Payment Date (as defined below) that is payable to Noteholders who have given a USD Payment Election (the "*Lira Amount*").

Upon receipt of the Lira Amount from the Issuer and by no later than 11:00 a.m. (London time) on such Relevant Payment Date, the Fiscal Agent shall transfer the Lira Amount to the Exchange Agent. Following receipt of the Lira Amount from the Fiscal Agent, the Exchange Agent shall provide for the Lira Amount to be converted into U.S. dollars in the manner provided in Condition 7.8(b) and then to be transferred to the Fiscal Agent for onward payment to the holders of such Notes on such Relevant Payment Date in accordance with the provisions of this Condition 7.8 and Clause 7.10 of the Agency Agreement.

If the Fiscal Agent receives cleared funds from the Issuer in respect of Turkish Lira-denominated Notes held other than through DTC after the time noted in the previous paragraph, then the Fiscal Agent shall transfer the Lira Amount to the Exchange Agent for conversion into U.S. dollars as soon as reasonably practicable and, following such conversion, the Exchange Agent shall transfer such U.S. dollar amounts to the Fiscal Agent and the Fiscal Agent shall use reasonable efforts to pay any U.S. dollar amounts that Noteholders have elected to receive in respect of such funds as soon as reasonably practicable thereafter.

Each USD Payment Election of a Noteholder will be made only in respect of the immediately following payment of interest and/or principal on the Notes the subject of such USD Payment Election and, unless a USD Payment Election is given in respect of each subsequent payment of interest and principal on those Notes, such payments will be made in Turkish Lira.

(b) Upon receipt of the Lira Amount from the Fiscal Agent pursuant to Condition 7.8(a), the Exchange Agent shall purchase U.S. dollars with the Lira Amount for settlement on the Relevant Payment Date at a purchase price calculated on the basis of its own internal foreign exchange conversion procedures, which conversion shall be conducted in a commercially reasonable manner and on a similar basis to that which the Exchange Agent would use to effect such conversion for its customers (such rate, taking into account any spread, fees, commissions or charges on foreign exchange transactions customarily charged by it in connection with such conversion, the "*Applicable Exchange Rate*").

(c) For the purposes of this Condition 7.8, neither the Exchange Agent nor the Issuer shall be liable to any Noteholder, the Issuer or any third party for any losses whatsoever resulting from application by the Exchange Agent of the Applicable Exchange Rate. The Exchange Agent may rely conclusively on the basis on which its internal foreign exchange conversion rate (including, for the avoidance of doubt, any third party indices forming the basis for such conversation rates) for settlement has been determined and shall not be liable for losses associated with the basis for determination of such rate.

Each Agent shall be entitled to rely, without further investigation or enquiry, on any notification or irrevocable elections received by it or provided to it (including, without limitation, any calculation in respect of the Lira Amount) pursuant to this Condition 7.8 and shall not be liable to any party for any losses whatsoever resulting from acting in accordance with such notifications or irrevocable instructions or calculations even though, subsequent to its acting, it may be found that there was some defect in the notification or irrevocable instruction or the notification or irrevocable instruction was not authentic or an error existed in the calculations.

Any foreign exchange transaction effected by the Exchange Agent will generally be a transaction to buy or sell currency between: (i) on one part, the Issuer (acting through the Fiscal Agent, as an agent of the Issuer) and (ii) on the other part, either the Exchange Agent or its affiliate (acting as principal for its own account). The Fiscal Agent as agent of the Issuer will enter into the foreign exchange transaction with the Exchange Agent or its affiliate acting as a principal for its own account, and not as an agent, fiduciary or broker on behalf of the Issuer. In the sole and absolute discretion of the Exchange Agent, the foreign exchange transaction may be transmitted by the Exchange Agent or any of its affiliates acting as principal for its own account to a sub-custodian. In forwarding certain foreign exchange transactions to the sub-custodian for execution, the Exchange Agent or its affiliate acting as principal for its own account does not, and will, not serve as agent, fiduciary or broker on behalf of the Issuer.

The Issuer's obligation to make payments on Notes the Specified Currency of which is Turkish Lira is limited to the specified Turkish Lira amount of such payments and, in the event that it fails to make any payment on such Notes in full on its due date, its obligation shall remain the payment of the relevant outstanding Turkish Lira amount and it shall have no obligation to pay any greater or other amount as a result of any change in the Applicable Exchange Rate between the due date and the date on which such payment is made in full.

(d) Following conversion of the Lira Amount into U.S. dollars in accordance with this Condition 7.8 and the Agency Agreement, the Exchange Agent shall promptly notify the Fiscal Agent of: (i) the total amount of U.S. dollars purchased with the relevant Lira Amount (the "*USD Amount*") and (ii) the Applicable Exchange Rate at which such U.S. dollars were purchased by the Exchange Agent.

(e) On the Relevant Payment Date, the Fiscal Agent shall give notice to the applicable Noteholders in accordance with Condition 15 of the matters set out in Condition 7.8(d)(i) and (ii) in reliance on the information provided to it by the Exchange Agent in accordance with Condition 7.8(d).

(f) If, for illegality or any other reason, it is not possible for the Exchange Agent to purchase U.S. dollars with the Lira Amount, then the Exchange Agent will promptly so notify the Fiscal Agent, which shall, as soon as practicable after receipt of such notification from the Exchange Agent, notify the applicable Noteholders of such event in accordance with Condition 15 and all payments on the applicable Notes on the Relevant Payment Date will be made in Turkish Lira in accordance with this Condition 7, irrespective of any USD Payment Election made.

(g) To give a USD Payment Election in respect of this Note:

(i) if this Note is a Definitive Note, then the holder hereof must deliver at the specified office of any Paying Agent (with respect to Bearer Notes) or the Registrar (with respect to Registered Notes), on any Business Day falling within the USD Election Period, a duly signed and completed USD Payment Election in the form (for the time being current) obtainable from any specified office of any Paying Agent (the "*USD Payment Election Notice*") and in which such holder must specify a USD bank account to which payment is to be made under this Condition 7.8 accompanied by this Note or evidence satisfactory to the Agent concerned that this Note will, following the delivery of the USD Payment Election, be held to the Fiscal Agent's order or under its control until the applicable U.S. dollar payment is made, and

(ii) if this Note is a Global Note, then the holder of an interest in this Global Note must, on any Business Day falling within the USD Election Period, give notice to any Paying Agent (with

respect to Bearer Notes) or the Registrar (with respect to Registered Notes) of such exercise in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg, as applicable (which may include notice being given on such holder's instruction by Euroclear or Clearstream, Luxembourg or any depositary for any of them to any Paying Agent or the Registrar, as the case may be, by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg, as applicable, from time to time.

Neither the Issuer nor any of the Agents will be liable for any delay or ultimate failure to pay the relevant Noteholder(s) caused by any delay or failure of Euroclear, Clearstream, Luxembourg (or any of their respective direct or indirect participants) or any depositary for either of them to provide payment instructions with respect to the relevant USD Payment Election.

(h) Notwithstanding any other provision in these Conditions to the contrary: (i) all costs (including any fees, charges, commissions or spreads) of the purchase of U.S. dollars with the Lira Amount shall be borne *pro rata* by the relevant Noteholders relative to the Notes of such Noteholders the subject of USD Payment Elections, which *pro rata* amount will be deducted from the *pro rata* portion of the USD Amount paid to such Noteholders, (ii) none of the Issuer, any Agent or any other Person shall have any obligation whatsoever to pay any related foreign exchange rate spreads, fees, charges, commissions or expenses or to indemnify any Noteholder against any difference between the *pro rata* portion of the USD Amount received by such Noteholder and the portion of the Lira Amount that would have been payable to the Noteholder if it had not made the relevant USD Payment Election and (iii) neither the Issuer nor any Agent shall have any liability or other obligation to any Noteholder with respect to the conversion into U.S. dollars of any amount paid by it to the Fiscal Agent in Turkish Lira or the payment of any U.S. dollar amount to the applicable Noteholders.

(i) Notwithstanding any provisions of these Conditions or the applicable Final Terms, in respect of any Notes that are the subject of a USD Payment Election in respect of any payment, the definition of Payment Business Day shall, for the purposes of such payment on the Relevant Payment Date, be deemed to include a day (other than Saturday or Sunday) on which commercial banks are not authorised or required by law to be closed in New York City.

7.9 Payments on Notes held through DTC in a Specified Currency other than U.S. Dollars

For any Registered Global Note registered in the name of DTC or its nominee and denominated in a Specified Currency other than U.S. dollars, the holder of an interest in such Registered Global Note will receive payment in U.S. dollars unless it elects (in accordance with normal DTC practice) to receive such payment in such Specified Currency in the manner specified in the Agency Agreement.

Upon such an election, neither the Issuer nor any of the Agents will be liable for any delay or ultimate failure to pay the relevant Noteholder(s) caused by any delay or failure of DTC (or any of its direct or indirect participants) to provide payment instructions with respect to the relevant Specified Currency.

7.10 RMB Account

All payments in respect of the Notes in RMB will be made solely by credit to a RMB account maintained by the payee at a bank in Hong Kong or such other financial centre(s) as may be specified in the applicable Final Terms as RMB Settlement Centre(s) in accordance with applicable laws, rules and guidelines issued from time to time (including all applicable laws with respect to the settlement of RMB in Hong Kong or any relevant RMB Settlement Centre).

"*RMB Settlement Centre(s)*" means the financial centre(s) specified as such in the applicable Final Terms in accordance with applicable laws. If no RMB Settlement Centre is specified in the relevant Final Terms, then the RMB Settlement Centre shall be deemed to be in Hong Kong.

7.11 RMB Currency Event

If "RMB Currency Event" is specified in the applicable Final Terms as being applicable and a RMB Currency Event occurs and is continuing on a date for payment of any amount due in respect of any Note or Coupon, the Issuer's obligation to make payment in RMB under the terms of the Notes may be satisfied by payment of such amount in U.S. dollars converted using the Spot Rate for the Rate Calculation Date.

Upon the occurrence of a RMB Currency Event that is continuing, the Issuer shall give irrevocable notice to the Noteholders in accordance with Condition 15 not less than five nor more than 30 days before the relevant due date for payment or, if this is not practicable due to the time at which the relevant RMB Currency Event occurs, as soon as practicable following such occurrence, stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition and unless stated otherwise in the applicable Final Terms (and subject, in the case of any determination of the Calculation Agent, to the provisions of Condition 6.4):

"*Governmental Authority*" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong,

"*Rate Calculation Business Day*" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City,

"*Rate Calculation Date*" means the day that is two Rate Calculation Business Days before the due date of the relevant payment under the Notes,

"*RMB Currency Event*" means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility,

"*RMB Illiquidity*" means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to make a payment, of any amount, in whole or in part, under the Notes, as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in Hong Kong,

"*RMB Inconvertibility*" means the occurrence of any event that makes it impossible for the Issuer to convert in the general RMB exchange market in Hong Kong any amount, in whole or in part, due in respect of the Notes into RMB on any payment date, other than where such impossibility is due solely to the failure of the Issuer to comply with any law enacted by a Governmental Authority (unless such law is enacted after the Issue Date of the most recently issued Tranche of Notes of this Series and it is impossible for the Issuer, due to an event beyond the control of the Issuer, to comply with such law),

"*RMB Non-Transferability*" means the occurrence of any event that makes it impossible for the Issuer to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law enacted by a Governmental Authority (unless such law is enacted after the Issue Date of the most recently issued Tranche of Notes of this Series and it is impossible for the Issuer due to an event beyond its control, to comply with such law), and

"*Spot Rate*" means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with RMB in the over-the-counter RMB exchange market in Hong Kong for settlement in two Rate Calculation Business Days, as determined by the Calculation Agent at or around 11:00 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall, acting reasonably and in good faith, determine the rate taking into consideration all available information that

the Calculation Agent deems relevant, including, among other things, pricing information obtained from the RMB non-deliverable exchange market in Hong Kong or elsewhere and the CNY/U.S. dollar exchange rate in the PRC domestic foreign exchange market. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

8. REDEMPTION AND PURCHASE

8.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in (except as provided in Conditions 7.8 and 7.9) the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

8.2 Redemption for Taxation Reasons

If:

(a) as a result of any change in, or amendment to, the laws of a Relevant Jurisdiction (as defined in Condition 9.2(b)), or any change in the application or official interpretation of the laws of a Relevant Jurisdiction, which change or amendment becomes effective after the date on which agreement is reached to issue the most recently issued Tranche of Notes of this Series (which shall, for the avoidance of doubt and for the purposes of this Condition 8.2, be the date on which the applicable Final Terms is signed by the Issuer), on the next Interest Payment Date, the Issuer would be required to:

(i) pay Additional Amounts as provided or referred to in Condition 9, and

(ii) make any withholding or deduction for, or on account of, any Taxes imposed, assessed or levied by or on behalf of the Relevant Jurisdiction at a rate in excess of the applicable prevailing rates on the date on which agreement is reached to issue the most recently issued Tranche of Notes of this Series, and

(b) such requirement cannot be avoided by the Issuer taking reasonable measures available to it,

then the Issuer may, at its option, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the applicable Noteholders in accordance with Condition 15 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes of this Series at any time at their Early Redemption Amount together (if applicable) with all interest accrued and unpaid to (but excluding) the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Fiscal Agent: (i) a certificate signed by two authorised signatories of the Issuer stating that the requirement referred to in clause (a) will apply on the next Interest Payment Date and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

This Condition 8.3 applies to Notes that are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons pursuant to Condition 8.2), such option being referred to as an "*Issuer Call*." The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 8.3 for full information on any Issuer Call. In particular, the applicable Final Terms identifies any Optional Redemption Date(s), any Optional Redemption Amount, any minimum or maximum amount of Notes that can be redeemed and the applicable notice periods.

If "Issuer Call" is specified as being applicable in the applicable Final Terms, then the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 15 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or (if a Minimum Redemption Amount and/or Maximum Redemption Amount is specified in the applicable Final Terms as being applicable) some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together (if applicable) with all interest accrued and unpaid to (but excluding) the relevant Optional Redemption Date. If a Minimum Redemption Amount and/or Maximum Redemption Amount is specified in the applicable Final Terms as being applicable, then any such redemption must be of a principal amount not less than such Minimum Redemption Amount and not more than such Maximum Redemption Amount.

In the case of a partial redemption of Notes under this Condition 8.3, the Notes to be redeemed ("*Redeemed Notes*") will: (a) in the case of Redeemed Notes represented by Definitive Notes, be selected individually by lot not more than 30 days prior to the date fixed for redemption, and (b) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion) and/or DTC (such date of selection being hereinafter called the "*Selection Date*"). In the case of Redeemed Notes represented by Definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption (or, if the Final Terms for the applicable Series provides for a shorter minimum notice period for redemption, such shorter number of days).

No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.3.

"*Optional Redemption Date*" has the meaning (if any) given in the applicable Final Terms.

8.4 Redemption at the Option of the Noteholders (Investor Put)

This Condition 8.4 applies to Notes that are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an "*Investor Put*." The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 8.4 for full information on any Investor Put. In particular, the applicable Final Terms identifies any Optional Redemption Date(s), any Optional Redemption Amount and the applicable notice periods.

If "Investor Put" is specified as being applicable in the applicable Final Terms, then upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note (or, for Global Notes, the indicated part thereof) on the relevant Optional Redemption Date and at the Optional Redemption Amount together, if applicable, with all interest accrued and unpaid to (but excluding) such Optional Redemption Date. Registered Notes (or, for Global Notes, a nominal amount thereof) may be redeemed under this Condition 8.4 in any Specified Denomination.

To exercise the right to require redemption of this Note (or a portion hereof):

(a) if this Note is in definitive form and is held outside of a clearing system, then the holder of this Note must deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or the Registrar, as the case may be, falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or the Registrar, as the case may be, (a "*Put Notice*") and in which such holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 8.4 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2; if this Note is in definitive bearer form, then the Put

Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to such Paying Agent's order or under its control, and

(b) if this Note is represented by a Global Note or is held through Euroclear or Clearstream, Luxembourg while in definitive form, then the holder of this Note must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of DTC, Euroclear or Clearstream, Luxembourg, as applicable (which may include notice being given on such holder's instruction by DTC, Euroclear or Clearstream, Luxembourg or any depositary for them to the Fiscal Agent by electronic means) in a form acceptable to DTC, Euroclear or Clearstream, Luxembourg, as applicable, from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of DTC, Euroclear or Clearstream, Luxembourg, as applicable, given by a holder of this Note pursuant to this Condition 8.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 8.4 and instead to declare this Note (or, if a Global Note, a portion hereof) forthwith due and payable pursuant to Condition 11.

8.5 Early Redemption Amounts

For the purpose of Conditions 8.2 and 11.1, each Note will be redeemed at its Early Redemption Amount calculated as follows (the "*Early Redemption Amount*"):

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of Notes of this Series, at the Final Redemption Amount thereof,

(b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount that is or may be less or greater than the Issue Price of the first Tranche of Notes of this Series, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its outstanding principal amount, or

(c) in the case of a Zero Coupon Note, at an amount (the "*Amortised Face Amount*") calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^{y}$

where:

"*RP*" means the Reference Price set forth in the applicable Final Terms,

"*AY*" means the Accrual Yield expressed as a decimal, and

"*y*" is the Day Count Fraction specified in the applicable Final Terms, which shall be any of: (i) 30/360 (in which case the numerator shall be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of Notes of this Series to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360), (ii) Actual/360 (in which case the numerator shall be equal to the actual number of days from (and including) the Issue Date of the first Tranche of Notes of this Series to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator shall be equal to the actual number of days from (and including) the Issue Date of the first Tranche of Notes of this Series to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

8.6 Purchases by the Issuer and/or its Subsidiaries

The Issuer and/or any of its Subsidiaries 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) (*provided* that, in the case of Definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) 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. If any such purchases or acquisitions of Notes (or beneficial interests therein) are made by tender, exchange or other process, then such tender, exchange or other process shall not be required to be available to all Noteholders of the applicable Series, or in the same manner, except to the extent required by law. Such Notes (or beneficial interests therein) (and, in the case of Definitive Bearer Notes, the related Coupons and Talons) may be held, resold or, at the option of the Issuer or (with the Issuer's consent) any such Subsidiary (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; *provided* that any such resale or surrender of a Definitive Bearer Note shall include a sale or surrender (as applicable) of all related Coupons and Talons.

8.7 Cancellation

All Notes that are redeemed, all Coupons that are paid and all Talons that are exchanged shall immediately be cancelled (together, in the case of Definitive Bearer Notes, with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption or cancellation). All Notes so cancelled cannot be reissued or resold and (if such cancellation is for the full amount thereof) the applicable Note certificate shall be forwarded to the Fiscal Agent or, as the case may be, the Registrar for cancellation.

In addition, the Issuer or any of its Subsidiaries may, as described in Condition 8.6, surrender to any Paying Agent any Notes (or notify the Fiscal Agent and, in the case of Registered Notes, the Registrar of any beneficial interests in a Global Note to be so cancelled), together (in the case of Definitive Bearer Notes) with all Coupons or Talons (if any) relating to them or surrendered with them, and such Notes (or beneficial interests therein), Coupons or Talons shall, to the extent that the Issuer indicates in writing the same to the relevant Paying Agent, be cancelled by the Paying Agent to which they are surrendered. All Notes so cancelled cannot be reissued or resold.

Each of the Paying Agents shall deliver all cancelled Notes, Coupons and Talons to the Fiscal Agent or as the Fiscal Agent may specify.

8.8 Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition 8 or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, then the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.5(c) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date that is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid, and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 15.

9. TAXATION

9.1 Payment without Withholding

All payments in respect of the Notes (including with respect to the Coupons, if any) 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 or Coupons after such withholding or deduction shall equal the respective amounts that would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; *provided* that no Additional Amounts shall be payable in relation to any payment in respect of any Note or Coupon:

(a) presented for payment by or on behalf of a holder who is liable for Taxes in respect of the Note or Coupon by reason of such holder having some connection with any Relevant Jurisdiction other than the mere holding of the Note or Coupon or the receipt of payment in respect thereof,

(b) presented for payment in Turkey, or

(c) presented for payment more than 30 days after the Relevant Date except to the extent that a holder of the relevant Note or Coupon 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 in respect of the Notes (including on Coupons) for, or on account of, any FATCA Withholding Tax.

9.2 Defined Terms

For the purposes of these Conditions:

(a) "*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 15, and

(b) "*Relevant Jurisdiction*" means: (i) Turkey or any political subdivision or any authority thereof or therein having power to tax or (ii) 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 in respect of the Notes (including with respect to the Coupons).

10. PRESCRIPTION

Notes (whether in bearer or registered form) and Coupons 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.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.2 or any Talon that would be void pursuant to Condition 7.2.

11. EVENTS OF DEFAULT

11.1 Events of Default

The holder of any Note may give notice to the Issuer that such Note is, and such Note shall accordingly forthwith become, immediately due and repayable at its Early Redemption Amount, with all interest accrued and unpaid to (but excluding) the date of repayment, if any of the following events (each an "*Event of Default*") shall have occurred and be continuing:

(a) if default is made by the Issuer in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal or 14 days in the case of interest,

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 14 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied,

(c) if: (i) any Indebtedness for Borrowed Money of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described), (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment, subject to any applicable grace period, (iii) any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any Qualifying Guarantee given by it in relation to any Indebtedness for Borrowed Money of any other Person, subject to any applicable grace period,

(d) if:

(i) any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries,

(ii) (A) the Issuer ceases or threatens to cease to carry on the whole or a substantial part, or any Material Subsidiary ceases or threatens to cease to carry on the whole or substantially the whole, in each case, of its business, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of Noteholders, or (B) the Issuer or any of its Material Subsidiaries suspends or threatens to suspend payment of, or is unable to (or admits inability to) pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated, declared or found by a competent authority to be (or becomes) bankrupt or insolvent,

(iii) the Issuer or any of its Material Subsidiaries commences negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of all or a substantial part of its indebtedness, or

(iv) the Issuer or any of its Material Subsidiaries: (A) takes any corporate action or other steps are taken or legal proceedings are started: (1) for its winding-up, dissolution, administration, bankruptcy or reorganisation (other than for the purposes of and followed by a reconstruction while solvent upon terms previously approved by an Extraordinary Resolution of Noteholders) or (2) for the appointment of a liquidator, receiver, administrator, administrative receiver, trustee or similar officer of it or any substantial part or all of its revenues and assets or (B) shall, or proposes to, make a general assignment for the benefit of its creditors or shall enter into any general arrangement or composition with its creditors,

in each case in clauses (i) to (iv) above, save for the solvent voluntary winding-up, dissolution or reorganisation of any Material Subsidiary in connection with any combination with, or transfer of the whole or substantially the whole of its business and/or assets to, the Issuer or one or more other Subsidiary(ies) of the Issuer, or

(e) if the banking licence of the Issuer is temporarily or permanently revoked or the management of the Issuer is taken over by the Savings Deposit Insurance Fund under the provisions of the Banking Law (Law No. 5411) of Turkey.

11.2 Defined Terms

For the purposes of this Condition 11:

"*Indebtedness for Borrowed Money*" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of:

(a) any notes, bonds, debentures, debenture stock, loan stock or other securities,

(b) any borrowed money, or

(c) any liability under or in respect of any acceptance or acceptance credit,

the aggregate principal amount of which exceeds US$50,000,000 (or its equivalent in any currency or currencies), and

"*Qualifying Guarantee*" means any guarantee and/or indemnity of the Issuer or relevant Material Subsidiary that: (a) is in respect of Indebtedness for Borrowed Money that has been defaulted in the manner described in clause (iv) of Condition 11.1(c) and (b) exceeds US$50,000,000 (or its equivalent in any currency or currencies).

12. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Notes, Coupons or Talons) or the Registrar (in the case of Registered Notes) 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 as the Issuer and the Fiscal Agent or, as applicable, the Registrar may reasonably require. Mutilated or defaced Notes, Coupons or Talons 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. If any additional Agents are appointed in connection with this Series, then the names of such Agents will be specified in Part B of the applicable Final Terms.

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: (i) in the case of Bearer Notes, a Paying Agent (which may be the Fiscal Agent), and (ii) in the case of Registered Notes, 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,

(d) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in the United States, and

(e) so long as this Series of 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.

In addition, the Issuer shall as promptly as practicable appoint a Paying Agent having a specified office in the United States in the circumstances described in Condition 7.5.

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 15.

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, a Paying Agent ceasing to be a FATCA-Compliant Entity, a Paying Agent determining that it is unable to concur with the Issuer in respect of Benchmark Amendments for the reasons outlined in Condition 6.7(I)(d) 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 15.

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, Couponholder 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. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon included in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15. NOTICES

All notices to Noteholders regarding the Bearer Notes shall be in English and be deemed to be validly given if published in English in a leading English language newspaper of general circulation in London. It is anticipated (but not required) that any such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes (if any) are (at the request of the Issuer) for the time being listed or by which they have been admitted to trading, including publication on the website of such stock exchange and/or other relevant authority if required by those rules. Any such notice shall be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the first date by which publication has occurred in all required newspapers.

All notices to Noteholders regarding the Registered Notes shall be in English and be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) of such Registered Notes at their respective addresses recorded in the Register and shall be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are (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.

So long as any Global Note is held on behalf of DTC, Euroclear and/or Clearstream, Luxembourg, there may be substituted for such publication in such newspaper(s) or such website(s) or such mailing the delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg, as applicable, for communication by them to the holders of interests in such Global Note and, 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, such notice 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. Any such notice shall be deemed to have been given to the holders of interests in such Note on such day as is specified in the applicable Final Terms after the day on which such notice was given to DTC, Euroclear and/or Clearstream, Luxembourg, as applicable (or, if not so specified, on the second London Business Day after the date on which such notice was given to DTC, Euroclear and/or Clearstream, Luxembourg, as applicable).

Notices to be given by any Noteholder shall be in writing in English and given by lodging the same (together, in the case of any Definitive Bearer Note, with the relevant Definitive Bearer Note) with the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Any such Definitive Bearer Note shall be returned to the relevant Noteholder after such notice has been given in the event such Definitive Bearer Note is otherwise due to be returned to such Noteholder. For so long as any of the Notes are represented by a Global Note, such notice may be given by any holder of an interest in such Global Note to the Fiscal Agent or the Registrar through DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Fiscal Agent, the Registrar and DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Holders of any Coupon appertaining to a Note shall be deemed for all purposes to have notice of the contents of any notice given to the applicable Noteholder.

16. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS

16.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of any modification of the Notes (including any of these Conditions), the Coupons 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 5% in principal amount of the Notes of this Series 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 (which, in the case of a meeting convened by the Issuer, shall be given to the applicable Noteholders in accordance with Condition 15 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 3.1 of Schedule 5 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 Person(s) present and holding or representing not less than 50% in principal amount of the Notes of this Series for the time being outstanding, or at any adjourned meeting one or more Person(s) being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of these Conditions, the Notes or the Coupons (including modifying the Maturity Date of the applicable Series of Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the applicable Series of Notes, altering the currency of payment of the applicable Series of Notes or the related Coupons or amending the Deed of Covenant in certain respects), the quorum shall be one or more Person(s) present and holding or representing not less than two-thirds in principal amount of the applicable Series of Notes for the time being outstanding, or at any adjourned such meeting one or more Person(s) present and holding or representing not less than one-third in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed by the Noteholders shall be binding upon all the Noteholders, whether or not they are present at any meeting and whether or not they vote on the resolution, and on all Couponholders.

The Agency Agreement provides that: (a) a resolution in writing signed on behalf of the Noteholders of not less than 75% in principal amount of the applicable Notes for the time being outstanding (whether such resolution in writing is contained in one document or several documents in the same form, each signed on behalf of one or more Noteholders) or (b) consent given by way of electronic consents through the relevant clearing systems by or on behalf of Noteholders of not less than 75% in principal amount of the applicable Notes for the time being

outstanding will, in each case, take effect as if it were an Extraordinary Resolution and shall be binding upon all Noteholders.

16.2 Modification without Noteholder Consent

The Issuer may, without the consent of the Noteholders or Couponholders, effect any modification (except such modifications in respect of which an increased quorum is required as mentioned in Condition 16.1) of any of the Notes (including these Conditions), the Deed of Covenant, the Deed Poll 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 Couponholders and any such modification shall be notified by the Issuer to the applicable Noteholders as soon as reasonably practicable thereafter in accordance with Condition 15.

Notwithstanding any other provision of these Conditions or the Agency Agreement, the consent or approval of the Noteholders or the Couponholders shall not be required in the case of amendments to these Conditions pursuant to Condition 6.7 to vary the method or basis of calculating the rate(s) or amount of interest or the basis for calculating any Interest Amount in respect of the Notes or for any other variation of these Conditions and/or the Agency Agreement required to be made in the circumstances described in Condition 6.7 (with respect to Condition 6.7(I), where the Issuer has delivered to the Calculation Agent a certificate pursuant to Condition 6.7(I)(e)).

17. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders or Couponholders, create and issue further notes having terms and conditions the same as those of this Series of 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 such outstanding Notes; *provided* that the Issuer shall ensure that such further notes will be fungible with such outstanding Notes for U.S. federal income tax purposes as a result of their issuance being a "qualified reopening" under U.S. Treasury Regulation §1.1275-2(k) unless the original Notes were, and such further Notes are, offered and sold by (or on behalf of) the Issuer solely in reliance upon Regulation S in offshore transactions to Persons other than U.S. persons.

In addition, the Issuer may from time to time, without the consent of the Noteholders or Couponholders, create and issue separate Series of Notes under the Programme.

18. 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.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing Law

These Conditions, and any non-contractual obligations arising out of or in connection herewith, are and shall be (and the Notes and Coupons 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.

19.2 Submission to Jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders and the Couponholders, 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) have

exclusive jurisdiction to settle any disputes that arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or Coupons) and accordingly submits to the exclusive 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) with respect thereto.

To the full extent allowed by applicable law, 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) on the grounds that it is an inconvenient or inappropriate forum.

To the extent allowed by applicable law, the Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Notes and the Coupons (together referred to as "*Proceedings*") (including any Proceeding relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

19.3 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) according to the provisions of Article 54 of the International Private and Procedure Law of Turkey (Law No. 5718), that in the event that any action is brought in relation to the Issuer in a court in Turkey in connection with the Notes and/or the Coupons, in addition to other permissible legal evidence pursuant to the Civil Procedure Code of Turkey (Law No. 6100), any judgment obtained in such courts in connection with such action shall constitute (in addition to other legal evidence) 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 Turkey (Law No. 6100) and Articles 58 and 59 of the International Private and Procedure Law of Turkey (Law No. 5718).

19.4 Service of Process

In connection with any Proceedings in England, service of process may be made upon the Issuer at any branch or other office of Qatar National Bank (Q.P.S.C.) in England (including, as of the date hereof, its London branch with a current address of 51 Grosvenor Street, London, W1K 3HH, United Kingdom) and the Issuer undertakes that, in the event of such process agent ceasing to have such a branch or other office, the Issuer shall promptly appoint another Person as its agent for that purpose. This Condition does not affect any other method of service allowed by applicable law.

19.5 Other Documents

The Issuer has, in the Agency Agreement, the Deed of Covenant and the Deed Poll, 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) and appointed an agent in England for service of process in terms substantially similar to those set out above.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Bank's management believes to be reliable, but neither the Bank nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.

None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

As of the date of this Base Prospectus, the Issuer is required to notify Central Registry İstanbul within three İstanbul business days from the applicable Issue Date of a Tranche of Notes of the amount, Issue Date, ISIN (if any), interest commencement date, maturity date, interest rate, name of the custodian and currency of such Notes and the country of issuance.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its direct participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*" and, with Direct Participants, "*Participants*").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "*DTC Rules*"), DTC makes book-entry transfers of securities among Direct Participants on whose behalf it acts with respect to notes accepted into DTC's book-entry settlement system ("*DTC Notes*") as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the SEC. Participants with which beneficial owners of DTC Notes ("*DTC Beneficial Owners*") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective DTC Beneficial Owners. Accordingly, although DTC Beneficial Owners who hold interests in DTC Notes through Participants will not possess the securities, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each DTC Beneficial Owner is in turn to be recorded on the relevant Direct Participant's and Indirect Participant's records. DTC Beneficial Owners will not receive written confirmation from DTC of their purchases, but DTC Beneficial Owners are expected to receive written confirmations providing details of each transaction, as well as periodic statements of their holdings, from the Participant through which the DTC Beneficial Owner holds its interest in the DTC Notes. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of DTC Beneficial Owners. DTC Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of

Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual DTC Beneficial Owners; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the DTC Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Participants to DTC Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Notes will be made to DTC or its nominee. DTC's practice is to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC, subject to the receipt of funds and corresponding detail information from the Issuer or the relevant Paying Agent. Payments by Participants to DTC Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC or its nominee is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the DTC Beneficial Owners is the responsibility of Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for Definitive Registered Notes, which it will distribute to its Direct Participants in accordance with their requests and proportionate entitlements and that will be legended as described in "Transfer and Selling Restrictions."

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any DTC Beneficial Owner desiring to pledge its interest in DTC Notes to Persons that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to effect such pledge through DTC and its Participants or, if not possible to so effect it, to withdraw its securities from DTC as described below.

The applicable laws in some jurisdictions might require that certain Persons take physical delivery of securities in definitive form. Consequently, the ability to transfer an interest in Notes represented by a Registered Global Note to such Persons might depend upon the ability to exchange such interest for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a Person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such interest to Persons that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such interest for Notes in definitive form. The ability of any holder of an interest in Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such interests might be impaired if the proposed transferee of such interests is not eligible to hold such interests through a Participant.

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 note 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 in respect of 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 note 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 in respect of the Notes only through Euroclear participants.

Book-entry Ownership of and Payments in respect of Global Notes

The Issuer has applied to each of Euroclear and Clearstream, Luxembourg to have Global Note(s) accepted in its book-entry settlement system. Upon the issue of any such Global Note, 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 Note 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 relevant Dealer(s) or investor(s). Interests in such a Global Note 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 Note will be shown on, and the transfer of such interests will be effected only through, records maintained by Euroclear and/or Clearstream, Luxembourg or its nominee (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).

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of Persons who have accounts with DTC. Such accounts initially will be

designated by or on behalf of the relevant Dealer(s) or investor(s). Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants and Indirect Participants, including, in the case of any Regulation S Registered Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants and Indirect Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial owners of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

Subject to the preceding paragraph, payments of principal and interest in respect of a Global Note will be made to DTC, Clearstream, Luxembourg, Euroclear or their respective nominee, as the case may be, as the registered holder of such Note. The Issuer expects DTC, Clearstream, Luxembourg and Euroclear to credit accounts of their respective direct accountholders on the applicable payment date. The Issuer also expects that payments by direct DTC, Clearstream, Luxembourg or Euroclear accountholders to indirect participants in such Clearing Systems will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers of such Clearing System, and will be the responsibility of such direct participant and not the responsibility of such Clearing System, the Fiscal Agent, any Paying Agent, the Registrar or the Bank. Payments of principal and interest on the Notes to a Clearing System (or its nominee) are the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear or Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System. Subject to compliance with the transfer restrictions applicable to the Registered Notes described in "Transfer and Selling Restrictions," cross-market transfers between Participants in DTC, on the one hand, and directly and indirectly through Clearstream, Luxembourg or Euroclear participants, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian ("*Custodian*") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Tranche, transfers of Notes of such Tranche between participants in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Tranche between Participants in DTC 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.

Cross-market transfers between participants in Clearstream, Luxembourg or Euroclear and Participants in DTC will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Fiscal Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg participants and DTC's Participants cannot be made on a delivery-versus-payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

Each Clearing System has published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants of the Clearing Systems; *however*, they are under no obligation to perform or continue to perform such procedures, and such procedures might be discontinued or changed at any time. None of the Issuer, the Agents or any Arranger or Dealer will be responsible for any performance by the Clearing Systems or their respective direct or indirect participants of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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 applicable laws of other jurisdictions (including the United Kingdom, 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 Base Prospectus, there can be no assurance that those laws or the interpretation of those laws will not change. This summary does not discuss all of the tax consequences that might be relevant to an investor in light of such investor's particular circumstances or to investors subject to special rules, such as regulated investment companies, certain financial institutions or insurance companies. In addition, each investor should note that the tax laws of such investor's jurisdiction might have an impact on the income received from the Notes.

Prospective investors in the Notes are advised to consult their tax advisers 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 Turkey. References to "resident" in this section refer to tax residents of Turkey and references to "non-resident" in this section refer to Persons who are not tax residents of Turkey.

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 Turkey. Each investor should consult its own tax advisers 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 Base Prospectus, all of which are subject to change, possibly with a retroactive effect. In addition, it does not describe any tax consequences: (a) arising under the laws of any taxing jurisdiction other than Turkey or (b) applicable to a resident of Turkey or a permanent establishment in Turkey 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 Turkey if its corporate domicile is in Turkey or its effective place of management is in Turkey. 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 Turkey.

An individual is a resident of Turkey if such individual has established domicile in Turkey or stays in Turkey more than six months in a calendar year. On the other hand, foreign individuals who stay in Turkey 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 Turkey 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 Turkey.

Income from capital investment is sourced in Turkey when the principal is invested in Turkey. Capital gain derived from trading income is considered sourced in Turkey when the activity or transaction generating such income is performed or accounted for in Turkey. The term "accounted for" means that a payment is made in Turkey, or if the payment is made abroad, it is recorded in the books in Turkey or apportioned from the profits of the payer or the Person on whose behalf the payment is made in Turkey.

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 Turkey 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 53,000 (for the income derived in 2021) together with the income from other marketable securities, rental income from immovable property and salaries (except for salaries referred to under Article 86/1 of the Turkish Income Tax Law); *provided* that they were all subjected to income taxation through withholding. For resident corporations, interest income at any amount is subject to declaration.

In general, capital gains are not taxed through withholding tax and therefore any capital gain sourced in Turkey with respect to the Notes may be subject to declaration; however, pursuant to Provisional Article 67 (which is effective until 31 December 2025) of the Turkish Income Tax Law, as amended by laws numbered 6111, 6555 and 7256, special or separate tax returns will not be submitted for capital gains from the notes of a resident corporation issued abroad when the income is derived by a non-resident. Therefore, no tax is levied on non-residents in respect of capital gains from the Notes and no declaration is required.

A non-resident holder will not be liable for Turkish estate, inheritance or similar tax with respect to its investment in the Notes, nor will it be liable for any Turkish stamp issue, registration or similar tax or duty relating thereto.

Capital gains realised by a resident corporation or individual on the sale or redemption of the Notes (or beneficial interests therein) are subject to income tax or corporate (income) tax declaration. The general rate of corporate income tax in Turkey is 25% and 23% for fiscal periods that start in 2021 and 2022, respectively, increased from 22% for fiscal periods that started in 2018, 2019 and 2020, and the rate for individuals' income tax ranges from 15% to 40% at progressive rates. The capital gains are, in principle, calculated in local currency terms and resident individuals' acquisition cost 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 Turkey, 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 Turkey, as detailed above.

If a double taxation treaty is in effect between Turkey 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 United Kingdom 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 Turkey 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 Turkey'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 Turkey) 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 Base Prospectus, a Foreign Financial Institution in an IGA jurisdiction would generally not be required to withhold under FATCA or such IGA from payments that it makes; *however*, there can be no assurance that it will not be required to do so in the future. 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 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 advisers 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 in respect of the Notes (including on Coupons) 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 Base Prospectus. Participating Member States might decide to withdraw and additional Member States of the EU might decide to participate. Prospective investors in the Notes are advised to seek their own professional advice in relation to the FTT and its potential impact on the Notes.

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS

Subject to the following discussion, the Notes (or beneficial interests therein) may be acquired with assets of an "employee benefit plan" (as defined in Section 3(3) of ERISA), that is subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code and any entity deemed to hold "plan assets" of any of the foregoing (each a "*Benefit Plan Investor*"), as well as by governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) (collectively, with Benefit Plan Investors, referred to as "*Plans*"). Section 406 of ERISA and Section 4975 of the Code prohibit a Benefit Plan Investor from engaging in certain transactions with Persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Benefit Plan Investor. A violation of these "prohibited transaction" rules might result in an excise tax or other penalties and liabilities under ERISA and the Code for such Persons or the fiduciaries of such Benefit Plan Investor. In addition, Title I of ERISA requires fiduciaries of a Benefit Plan Investor subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents. Governmental plans, certain church plans and non-U.S. plans are not subject to the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code; *however*, such Plans might be subject to any applicable state, local, other federal or non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("*Similar Law*").

An investment in the Notes by or on behalf of a Benefit Plan Investor could give rise to a prohibited transaction if the Bank, an Arranger, a Dealer, an Agent, the Listing Agent or any of their respective affiliates is or becomes a party in interest or a "disqualified person" with respect to such Benefit Plan Investor. Certain exemptions from the prohibited transaction rules could be applicable to the acquisition or holding of an investment in the Notes by a Benefit Plan Investor depending upon the type and circumstances of the plan fiduciary making the decision to acquire such investment and the relationship of the party in interest or "disqualified person" to the Benefit Plan Investor. Included among these exemptions are: Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan Investor and Persons who are parties in interest or "disqualified persons" solely by reason of providing services to the Benefit Plan Investor or being affiliated with such service providers; Prohibited Transaction Class Exemption ("*PTCE*") 96-23, regarding transactions effected by "in-house asset managers;" PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts that might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Notes, and prospective investors that are Benefit Plan Investors should consult with their legal advisors regarding the applicability of any such exemption.

By acquiring a Note (or a beneficial interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, then its fiduciary) is deemed to represent and warrant that either: (a) it is not, and for so long as it holds the Note (or a beneficial interest therein) will not be, acquiring or holding a Note (or a beneficial interest therein) with the assets of a Benefit Plan Investor or a Plan that is subject to Similar Law, or (b) the acquisition, holding and disposition of the Note (or a beneficial interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law.

Prospective investors in the Notes are advised to consult their advisers with respect to the matters discussed above and other applicable legal requirements.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 28 April 2021 (such agreement as further amended, supplemented and/or restated from time to time, the "*Programme Agreement*"), agreed (or, when acceding thereto, will agree) with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes (or beneficial interests therein). Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes." In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment, this update and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain losses, claims, costs, expenses, damages, demands or liabilities incurred by them in connection therewith.

In connection with any offering of Notes, one or more Dealer(s) might purchase and sell Notes (or beneficial interests therein) in the secondary market. Offers and sales of the Notes (or beneficial interests therein) in the United States may only be made by those Dealers or their affiliates that are registered broker-dealers under the Exchange Act or in accordance with Rule 15a-6 thereunder. These transactions might include overallotment, syndicate covering transactions and stabilisation transactions. Overallotment involves the sale of Notes (or beneficial interests therein) in excess of the principal amount of Notes to be purchased by the Dealer(s) in their initial offering, which creates a short position for the applicable Dealer(s). Covering transactions involve the purchase of the Notes (or beneficial interests therein) in the open market after the distribution has been completed in order to cover short positions. Stabilisation transactions consist of certain bids or purchases of Notes (or beneficial interests therein) made for the purpose of preventing or retarding a decline in the market price of an investment in the Notes while the offering is in progress. Any of these activities might have the effect of preventing or retarding a decline in the market price of an investment in the Notes. They might also cause the price of the Notes (or beneficial interests therein) to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The applicable Dealer(s) might conduct these transactions in the over-the-counter market or otherwise. If a Dealer commences any of these transactions, then it might discontinue them at any time. Under English law, stabilisation activities may only be carried on by the Stabilisation Manager(s) (or Persons acting on behalf of any Stabilisation Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

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

All or certain of the Dealers, the Arrangers 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 Dealers, the Arrangers 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 Dealers, the Arrangers 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 Dealers, the Arrangers 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 Dealers, the Arrangers 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 Dealers, the Arrangers and/or their respective affiliates that have a credit relationship with the Issuer and/or any of the Issuer's affiliates might from time to time hedge their credit exposure to the Issuer and/or any of the Issuer's affiliates pursuant to their customary risk management policies. These hedging activities might have an adverse effect on the trading price of an investment in the Notes.

The Dealers, the Arrangers 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.

TRANSFER AND SELLING RESTRICTIONS

As a result of the following restrictions, investors in the Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale, pledge or other transfer of such Notes (or beneficial interests therein).

Each purchaser and transferee (and if the purchaser or transferee is a Plan, then its fiduciary) of Registered Notes (or a beneficial interest therein) (other than a Person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or a Person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form (or *vice versa*) will be required to acknowledge, represent, warrant and agree, and each Person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that it is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Bank and is not acting on the Bank's behalf and it is either: (i) a QIB, purchasing (or holding) the Notes (or beneficial interests therein) for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance upon Rule 144A, (ii) an Institutional Accredited Investor that has delivered a duly executed IAI Investment Letter or (iii) not a U.S. person and is purchasing or acquiring the Notes (or a beneficial interest therein) in a transaction pursuant to an exemption from registration under the Securities Act,

(b) that the Notes (or a beneficial interest therein) are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that such Notes (or a beneficial interest therein) have not been and will not be registered under the Securities Act or any other applicable U.S. federal or state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below,

(c) that, unless it holds an interest in a Regulation S Registered Global Note and is not a U.S. person, if in the future it decides to offer, resell, assign, transfer, pledge, encumber or otherwise dispose of the Notes (or beneficial interests therein), it will do so, prior to the date that is one year (or such shorter period of time as permitted by Rule 144 under the Securities Act or any successor provision thereunder) after the later of the last Issue Date for such Notes and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes or beneficial interests, only: (i) to the Issuer or any affiliate thereof, (ii) to a Person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of the United States and all other jurisdictions; such investor acknowledges that the Bank reserves the right prior to any offer, sale or other transfer of a Rule 144A Global Note (or a beneficial interest therein) pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Bank,

(d) that it will give to each Person to whom it transfers a Note (or a beneficial interest therein) notice of any restrictions on the transfer of such Note (or a beneficial interest therein) in this section,

(e) that Notes (or beneficial interests therein) initially offered to QIBs pursuant to Rule 144A will be represented by one or more Rule 144A Global Note(s), that Notes (or beneficial interests therein) offered to Institutional Accredited Investors pursuant to Section 4(a)(2) under the Securities Act will be in the form of IAI Definitive Notes or one or more IAI Global Note(s) and that Notes (or beneficial interests therein) offered in offshore transactions to non-U.S. persons in reliance upon Regulation S will be represented by one or more Regulation S Note(s),

(f) that each Note issued pursuant to Rule 144A will bear a legend substantially in the following form (with, if in definitive form, appropriate revisions) unless otherwise agreed by the Issuer:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OF THE UNITED STATES OF AMERICA OR ANY OTHER APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN), EACH HOLDER OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN): (a) REPRESENTS (OR SHALL BE DEEMED TO REPRESENT) THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYER(S), (b) AGREES (OR SHALL BE DEEMED TO AGREE) ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HOLDS THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) THAT IT WILL NOT OFFER, SELL, ASSIGN, TRANSFER, PLEDGE, ENCUMBER OR OTHERWISE DISPOSE OF SUCH SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE THAT IS ONE YEAR (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES OF WHICH THIS NOTE IS A PART AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN: (i) TO THE ISSUER OR ANY AFFILIATE THEREOF, (ii) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (iii) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (iv) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR 904 UNDER THE SECURITIES ACT OR (v) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN COMPLIANCE WITH THE SECURITIES LAWS OF THE UNITED STATES AND ALL OTHER JURISDICTIONS; *PROVIDED* THAT THE ISSUER SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (iv) OR (v) ABOVE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER, AND (c) AGREES (OR SHALL BE DEEMED TO AGREE) THAT IT WILL GIVE TO EACH PERSON TO WHOM ANY INTEREST IN THIS NOTE IS OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION IS MADE BY THE ISSUER AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN).

[FOR GLOBAL NOTES CLEARING THROUGH DTC: UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, ("*DTC*"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY

OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL NOTE MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL NOTE, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.]

EACH PURCHASER AND TRANSFEREE (AND IF THE PURCHASER OR TRANSFEREE IS A PLAN, THEN ITS FIDUCIARY) OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER: (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT BE, ACQUIRING OR HOLDING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WITH THE ASSETS OF: (i) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("*ERISA*"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (ii) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "*CODE*"), (iii) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING OR (iv) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("*SIMILAR LAW*"), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

THIS NOTE AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF THIS NOTE (OR BENEFICIAL INTERESTS HEREIN) SENT TO ITS REGISTERED ADDRESS (OR, FOR HOLDERS OF BENEFICIAL INTERESTS, TO THE EXTENT FORWARDED TO THEM BY THE APPLICABLE CLEARING SYSTEM), TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE (OR BENEFICIAL INTERESTS HEREIN) TO REFLECT ANY CHANGE IN APPLICABLE LAW (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS NOTE (OR OF A BENEFICIAL INTEREST HEREIN) SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF (OR OF A BENEFICIAL INTEREST HEREIN), TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING UPON THE HOLDER HEREOF (AND HOLDERS OF A BENEFICIAL INTEREST HEREIN) AND ALL FUTURE HOLDERS OF THIS NOTE (AND HOLDERS OF A BENEFICIAL INTEREST HEREIN) AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION HEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).",

(g) that each IAI Note will bear a legend in the following form (with, if an IAI Definitive Note, appropriate revisions) unless otherwise agreed to by the Issuer:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OF THE UNITED STATES OF AMERICA OR ANY OTHER APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS

ACQUISITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN), EACH HOLDER OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN): (a) REPRESENTS (OR SHALL BE DEEMED TO REPRESENT) THAT IT IS AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT) THAT IS AN INSTITUTION, (b) AGREES (OR SHALL BE DEEMED TO AGREE) ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HOLDS THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) THAT IT WILL NOT OFFER, SELL, ASSIGN, TRANSFER, PLEDGE, ENCUMBER OR OTHERWISE DISPOSE OF SUCH SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT, THE TERMS OF THE IAI INVESTMENT LETTER IT EXECUTED IN CONNECTION WITH ITS PURCHASE OF THIS NOTE (OR BENEFICIAL INTERESTS HEREIN) AND, PRIOR TO THE DATE THAT IS ONE YEAR (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES OF WHICH THIS NOTE IS A PART AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN: (i) TO THE ISSUER OR ANY AFFILIATE THEREOF, (ii) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (iii) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (iv) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR 904 UNDER THE SECURITIES ACT OR (v) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN COMPLIANCE WITH THE SECURITIES LAWS OF THE UNITED STATES AND ALL OTHER JURISDICTIONS; PROVIDED THAT THE ISSUER SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (iv) OR (v) ABOVE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER, AND (c) AGREES (OR SHALL BE DEEMED TO AGREE) THAT IT WILL GIVE TO EACH PERSON TO WHOM ANY INTEREST IN THIS NOTE IS OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION IS MADE BY THE ISSUER AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN).

[FOR GLOBAL NOTES CLEARING THROUGH DTC: UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, ("*DTC*"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL NOTE MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL NOTE, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.]

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THIS NOTE AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF THIS NOTE (OR BENEFICIAL INTERESTS HEREIN) SENT TO ITS REGISTERED ADDRESS (OR, FOR HOLDERS OF BENEFICIAL INTERESTS, TO THE EXTENT FORWARDED TO THEM BY THE APPLICABLE CLEARING SYSTEM), TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE (OR BENEFICIAL INTERESTS HEREIN) TO REFLECT ANY CHANGE IN APPLICABLE LAW (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS NOTE (OR OF A BENEFICIAL INTEREST HEREIN) SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF (OR OF A BENEFICIAL INTEREST HEREIN), TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING UPON THE HOLDER HEREOF (AND HOLDERS OF A BENEFICIAL INTEREST HEREIN) AND ALL FUTURE HOLDERS OF THIS NOTE (AND HOLDERS OF A BENEFICIAL INTEREST HEREIN) AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION HEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).",

(h) if it holds a Definitive Regulation S Registered Note or a beneficial interest in a Regulation S Registered Global Note, then if it should offer, resell, assign, transfer, pledge, encumber or otherwise dispose such Note (or beneficial interest) prior to the expiration of a 40 day period after the later of the commencement of the offering to Persons other than distributors and the applicable Issue Date (the "*Distribution Compliance Period*"), it will do so only: (i)(A) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A, and (ii) in accordance with all applicable U.S. federal and state securities laws; and it acknowledges that such Notes (with appropriate revisions) will bear a legend in the following form unless otherwise agreed to by the Issuer:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OF THE UNITED STATES OF AMERICA OR ANY OTHER APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF: (a) WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (b) EXCEPT IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES AND ALL OTHER JURISDICTIONS. THE HOLDER OF THIS NOTE (OR OF A BENEFICIAL INTEREST HEREIN) BY ITS ACCEPTANCE HEREOF (OR OF A BENEFICIAL INTEREST HEREIN) AGREES

(OR SHALL BE DEEMED TO AGREE) ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT IS HOLDING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) THAT NO OFFER, SALE, ASSIGNMENT, TRANSFER, PLEDGE, ENCUMBRANCE OR OTHER DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) SHALL BE MADE TO A U.S. PERSON PRIOR TO 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 OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.

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HEREIN), TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING UPON THE HOLDER HEREOF (AND HOLDERS OF A BENEFICIAL INTEREST HEREIN) AND ALL FUTURE HOLDERS OF THIS NOTE (AND HOLDERS OF A BENEFICIAL INTEREST HEREIN) AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION HEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).",

(i) if it holds a Definitive Bearer Note or a beneficial interest in a Bearer Global Note, then if it should offer, resell, assign, transfer, pledge, encumber or otherwise dispose such Note (or beneficial interest) prior to the expiration of the applicable Distribution Compliance Period, it will do so only: (i)(A) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A, and (ii) in accordance with all applicable U.S. federal and state securities laws; and it acknowledges that such Notes (with appropriate revisions) will bear a legend in the following form unless otherwise agreed to by the Issuer:

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APPLICABLE CLEARING SYSTEM), TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE (OR BENEFICIAL INTERESTS HEREIN) TO REFLECT ANY CHANGE IN APPLICABLE LAW (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS NOTE (OR OF A BENEFICIAL INTEREST HEREIN) SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF (OR OF A BENEFICIAL INTEREST HEREIN), TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING UPON THE HOLDER HEREOF (AND HOLDERS OF A BENEFICIAL INTEREST HEREIN) AND ALL FUTURE HOLDERS OF THIS NOTE (AND HOLDERS OF A BENEFICIAL INTEREST HEREIN) AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION HEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).",

(j) that the Issuer, the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees (or will be deemed to agree) that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it will promptly notify the Issuer and the applicable Dealer(s); and if it is acquiring any Notes (or beneficial interests therein) as a fiduciary or agent for one or more accounts it represents, that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account,

(k) that either: (i) it is not, and for so long as it holds a Note (or a beneficial interest therein) will not be, acquiring or holding such Note (or beneficial interest) with the assets of a Benefit Plan Investor or a Plan that is subject to Similar Law or (ii) the acquisition, holding and disposition of such Note (or a beneficial interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law,

(l) if such investor purchases a Registered Note (or any beneficial interest therein), then it will also be deemed to acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Bank and the Registrar that the restrictions set forth herein have been complied with, and

(m) acknowledges that none of the Bank, the Arrangers or the Dealers, or any Person representing the Bank, the Arrangers or the Dealers, has made any representation to it with respect to the Bank or the offer or sale of any of the Notes (or a beneficial interest therein), other than the information contained in this Base Prospectus or any applicable supplements hereto, which has been delivered to the investor and upon which such investor is relying in making its investment decision with respect to the Notes (or beneficial interests therein); it acknowledges that the Arrangers and the Dealers make no representation or warranty as to the accuracy or completeness of this Base Prospectus; it has had access to such financial and other information concerning the Bank and the applicable Notes as it has deemed necessary in connection with its decision to purchase such Notes (or a beneficial interest therein), including an opportunity to ask questions of and request information from the Bank and the applicable Dealer(s).

Institutional Accredited Investors who invest in IAI Notes offered and sold in the United States as part of their original issuance in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter.

An IAI Investment Letter will state, among other things, the following:

(a) that the applicable Institutional Accredited Investor has received a copy of this Base Prospectus and such other information as it deems necessary in order to make its investment decision,

(b) that such Institutional Accredited Investor understands that such Notes (or beneficial interests therein) are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that such Notes have not been and will not be registered under the Securities Act or any other applicable U.S. federal or state securities laws and that any subsequent transfer of such Notes (or beneficial interests therein) is subject to certain restrictions and conditions set forth in this Base Prospectus and such Notes (including

those set out above) and that it agrees to be bound by, and not to reoffer, resell, pledge or otherwise transfer such Notes (or beneficial interests therein) except in compliance with, such restrictions and conditions and the Securities Act,

(c) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes,

(d) that it is an Institutional Accredited Investor and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment in the Notes for an indefinite period of time,

(e) that such Institutional Accredited Investor is acquiring such Notes (or beneficial interests therein) for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of such Notes (or beneficial interests therein), subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control, and

(f) that, in the event that such Institutional Accredited Investor purchases Notes (or beneficial interests therein), it will acquire Notes (or beneficial interests therein) having a minimum purchase price of at least US$500,000 (or the approximate equivalent in another Specified Currency) (or such other amount set forth in the applicable Final Terms).

Unless set forth in the applicable Final Terms otherwise, no sale of Legended Notes (or a beneficial interest therein) in the United States to any one purchaser will be for less than US$200,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors pursuant to Section 4(a)(2) of the Securities Act, US$500,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, then each Person for whom it is acting must purchase at least US$200,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors pursuant to Section 4(a)(2) of the Securities Act, US$500,000 (or its foreign currency equivalent) principal amount of Registered Notes (in each case, or such other amount as may be set forth in the applicable Final Terms).

Pursuant to the BRSA decisions dated 6 May 2010 (No. 3665) and 30 September 2010 (No. 3875) and in accordance with Decree 32, residents of Turkey: (a) in the secondary markets only, may purchase or sell Notes (or beneficial interests therein) denominated in a currency other than Turkish Lira in offshore transactions on an unsolicited (reverse inquiry) basis, and (b) in both the primary and secondary markets, may purchase or sell Notes (or beneficial interests therein) denominated in Turkish Lira in offshore transactions on an unsolicited (reverse inquiry) basis; *provided* that, for both clauses (a) and (b), such purchase or sale complies with the Turkish Purchase Requirements.

Selling Restrictions

Turkey

The Issuer has obtained the CMB Approval from the CMB and the BRSA Approval from the BRSA required for the issuance of Notes under the Programme. The maximum debt instrument amount that the Bank may issue under the Programme Approvals is the Approved Issuance Limit; *provided* that the aggregate outstanding nominal amount of debt instruments denominated in Turkish Lira issued by the Bank (whether under this approval or otherwise) may not exceed TL 10,000,000,000. It should be noted that, regardless of the outstanding Note amount, unless the Bank obtains new approvals from the BRSA and the CMB, the aggregate debt instrument amount to be issued under the Programme Approvals may not exceed the Approved Issuance Limit. Pursuant to the Programme Approvals, the offer, sale and issue of Notes under the Programme has 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, Notes (or beneficial interests therein) may only be offered or sold outside of Turkey in accordance with the Programme Approvals. The Notes issued under the Programme prior to the date of the CMB Approval were issued under previously existing CMB 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 Turkey may acquire Notes (or beneficial interests therein) so long as they comply with the Turkish Purchase Requirements.

To the extent (and in the form) required by applicable law, an approval from the CMB in respect of each Tranche of Notes is required to be obtained by the Issuer prior to the Issue Date of such Tranche of Notes.

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 may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain 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.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder.

In connection with any Regulation S Notes, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (or beneficial interests therein): (a) as part of their distribution at any time or (b) otherwise until the expiration of the applicable 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 Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each distributor, dealer or other Person to whom it sells any Regulation S Notes (or beneficial interests therein) during the applicable Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S 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 applicable Distribution Compliance Period, an offer or sale of such 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.

Dealers might arrange for the resale of Registered Notes (or beneficial interests therein) to QIBs pursuant to Rule 144A and each such purchaser of Notes (or beneficial interests therein) is hereby notified that the Dealers may be relying upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer has undertaken in the Deed Poll to furnish, upon the request of a holder of such Notes (or beneficial interests therein), to such holder or to a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes of the applicable Series remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Public Offer Selling Restriction under the Prospectus Regulation and, where applicable, Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that if the Final Terms in respect of any Notes specifies the "Prohibition of sales to EEA Retail Investors" as:

1. "Applicable," then it has not offered, sold or otherwise made available (and will not offer, sell or otherwise make available) any of such Notes (or beneficial interests therein) to any EEA Retail Investor in the EEA, and

2. "Not Applicable," then, in relation to each Member State, it (with respect to such Notes) has not made and will not make an offer of Notes to the public in that Member State, except that it may make an offer of Notes to the public in that Member State at any time:

(a) to any legal entity that is a qualified investor as defined in the Prospectus Regulation,

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer, or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of Notes referred to in clauses (a) to (c) shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of part 2, the expression "*an offer of Notes to the public*" in relation to any Notes (which shall also include beneficial interests therein where applicable) in any Member State means 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) to be offered so as to enable an investor to decide to purchase or subscribe for the Notes (or beneficial interests therein).

United Kingdom

Prohibition of Sales to UK Retail Investors. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that if the Final Terms in respect of any Notes specifies the "Prohibition of sales to UK Retail Investors" as:

1. "Applicable," then it has not offered, sold or otherwise made available (and will not offer, sell or otherwise make available) any of such Notes (or beneficial interests therein) to any UK Retail Investor in the United Kingdom, and

2. "Not Applicable," then it (with respect to such Notes) has not made and will not make an offer of Notes to the public in the United Kingdom, except that it may make an offer of Notes to the public in the United Kingdom at any time:

(a) to any legal entity that is a qualified investor as defined in Article 2 of the UK Prospectus Regulation,

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer, or

(c) in any other circumstances falling within Section 86 of the FSMA;

provided that no such offer of Notes referred to in clauses (a) to (c) shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of part 2, the expression "an offer of Notes to the public" in relation to any Notes (which shall also include beneficial interests therein where applicable) means 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) to be offered so as to enable an investor to decide to purchase or subscribe for the Notes (or beneficial interests therein).

Other United Kingdom Regulatory Restrictions. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes that have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer,

(b) 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 any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer, and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Belgium

Other than in respect of Notes for which "Prohibition of sales to Belgian consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering by such Dealer of 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 from time to time (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.

PRC

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered, sold or delivered or will offer, sell or deliver any of the Notes (or beneficial interests therein) to any Person for reoffering or resale, or redelivery, in any such case, directly or indirectly, in the PRC (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) in contravention of any applicable laws as part of the initial distribution of the Notes (or beneficial interests therein).

Hong Kong

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (or beneficial interests therein) except for Notes that are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "*SFO*") 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 Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 any 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 Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes (or beneficial interests therein), whether directly or indirectly, to any Person in Singapore other than: (a) to an institutional investor (for the purposes of this section, as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (for the purposes of this section, as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes (or beneficial interests therein) are subscribed or purchased under Section 275 of the SFA by a relevant person that is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, or

(b) a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of such trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust, as applicable, has acquired the Notes (or beneficial interests therein) pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor, to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA,

(ii) where no consideration is or will be given for the transfer,

(iii) where the transfer is by operation of law,

(iv) as specified in Section 276(7) of the SFA, or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

The Final Terms in respect of any Notes may include a legend entitled "Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore" that will state the product classification of the applicable Notes pursuant to Section 309B(1) of the SFA; *however*, unless otherwise stated in the applicable Final Terms, all Notes shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This notification or any such legend included in the relevant Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "*FIEA*") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes (or beneficial interests therein), directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that, in Switzerland, this Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in any Notes (or beneficial interests therein). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes (and beneficial interests therein) have not been and will not be publicly offered, sold or advertised, directly or indirectly, by such Dealer in, into or from Switzerland within the meaning of the Swiss Financial Services Act (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 Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA or has been or will be filed with or approved by a Swiss review body pursuant to Article 52 of the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering of the Notes has been or will be filed by the Issuer or any Dealer with or approved by any Swiss regulatory authority to admit such Notes to trading on the SIX Swiss Exchange or any other trading venue (exchange or multilateral trading facility) in Switzerland.

Thailand

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Base Prospectus has not been approved by or filed with the Securities and Exchange Commission or any other regulatory authority of the Kingdom of Thailand. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes (and beneficial interests therein) may not be offered or sold, nor may this Base Prospectus or any other documents in relation to the offer of Notes (or beneficial interests therein) distributed, directly or indirectly, to any person in Thailand except under circumstances that will result in compliance with all applicable laws and guidelines promulgated by the Thai government and regulatory authorities in effect at the relevant time.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply with all applicable laws in force related to securities in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the applicable 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 Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes 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 Turkey. Certain of the directors and officers of the Bank named herein reside inside Turkey 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 Turkey. As a result, it might not be possible for investors to effect service of process upon such persons or the Bank outside Turkey or to enforce against them in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the applicable laws of such other jurisdictions. In order to enforce such judgments in Turkey, investors should initiate enforcement proceedings before the competent Turkish courts. In accordance with Articles 50 to 59 of Turkey's International Private and Procedure Law (Law No. 5718), the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey unless:

(a) there is in effect a treaty between such country and Turkey 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 applicable laws of such country that provides for the enforcement of judgments of Turkish courts.

There is no treaty between Turkey and either the United States or the United Kingdom providing for reciprocal enforcement of judgments. There is no *de facto* reciprocity between Turkey and the United States or the State of New York, except that the courts of New York have rendered at least one judgment in the past confirming *de facto* reciprocity between Turkey and the State of New York. Turkish courts have also rendered at least one judgment confirming *de facto* reciprocity between Turkey and the United Kingdom; *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 United States or the United Kingdom by Turkish courts. Moreover, there is uncertainty as to the ability of an investor to bring an original action in Turkey based upon the U.S. federal or any other non-Turkish securities laws.

In addition, the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey 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 Turkey,

(c) the judgment is incompatible with a judgment of a court in Turkey 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 Turkey,

(d) the judgment is not of a civil nature,

(e) the judgment is clearly against public policy rules of Turkey,

(f) the judgment is not final and binding with no further recourse for appeal or similar revision process under the applicable 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 Turkey'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 Turkey 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 Turkey 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 foreign currency would, in the event of 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 applicable laws of Turkey

In connection with the Programme, process may be served upon the Bank at any branch or other office of Qatar National Bank (Q.P.S.C.) in England (its London branch, as of the date of this Base Prospectus, with a current address at 51 Grosvenor Street, London, W1K 3HH, United Kingdom) with respect to any Proceedings in England.

OTHER GENERAL INFORMATION

Authorisation

The most recent update of the Programme and the further issue of Notes thereunder have been duly authorised pursuant to the authority of the officers of the Bank under a resolution of its Board of Directors dated 8 April 2021.

Legal Entity Identifier (LEI)

The Legal Entity Identifier (LEI) of the Issuer is 789000Q21SW842S9IJ58.

Listing of Notes

This Base Prospectus has been approved by the Central Bank of Ireland as a base prospectus. Application has been made to Euronext Dublin for Notes issued within one year after the date hereof to be admitted to the Official List and to trading on the Regulated Market. The Regulated Market is a regulated market for the purposes of MiFID II. It is expected that each Tranche of Notes that is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of one or more Notes initially representing the Notes of such Tranche; *however*, no assurance can be given that any such admission will occur. If a Tranche of Notes is to be listed by the Issuer on Euronext Dublin or any other stock exchange, then any information required by such exchange to be in the applicable Final Terms will be included therein.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Bank in connection with the Programme and is not itself seeking admission of the Notes to the Official List or to trading on the Regulated Market.

Documents Available

For the period of 12 months following the date of this Base Prospectus, 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 Annual Financial Statements,

(c) 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 5.3 (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 Base Prospectus except to the extent so incorporated by a supplement hereto),

(d) the Agency Agreement (including the forms of the Deed of Covenant, the Deed Poll, the Global Notes and the Definitive Notes),

(e) a copy of this Base Prospectus, and

(f) when published, any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms (except that a Final Terms relating to a Note that is neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances in which a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, for the period of 12 months following the date of this Base Prospectus, copies of the documents described in clauses (a) through (f) will also be available in electronic format on the Issuer's website (as of the date hereof, at: https://www.qnbfinansbank.com/en/investor-relations); *provided* that: (a) the articles of association of the Issuer can be found at https://www.qnbfinansbank.com/en/investor-relations/corporate-governance/articles-of-association and (b) with respect to such documents (or portions thereof) that are incorporated by reference herein, see the weblinks in "Documents Incorporated by Reference" above. Each Final Terms relating to Notes that are admitted to trading on the Regulated Market will also be available on the Issuer's website. Such website does not, and shall not be deemed to, constitute a part of, nor is incorporated into, this Base Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg, which are the entities in charge of keeping the records. The appropriate Common Code and ISIN (if any) for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. To the extent applicable, the ISIN, Common Code, CUSIP, CINS, CFI Code and/or FISN for each Tranche of Notes will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, then the appropriate information will be specified in the applicable Final Terms.

Scheduled payments of interest on each Registered Note will be paid only to the Person in whose name such Registered Note was registered in the Register at the close of business on the applicable Record Date. Notwithstanding the Record Date established in the Conditions for any Series of Registered Notes, the Issuer has been advised by DTC that, through DTC's accounting and payment procedures, DTC will, in accordance with its customary procedures, credit interest payments received by DTC on any Interest Payment Date based upon DTC's Participants' holdings of the Notes on the close of business on the New York Business Day immediately preceding each such Interest Payment Date. A "*New York Business Day*" for these purposes is a day other than a Saturday, a Sunday or any other day on which banking institutions in New York City, New York are authorised or required by law or executive order to close.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is Depositary Trust Company, 55 Water Street, New York City, New York 10041, United States of America.

Conditions for Determining Price

For Notes (or beneficial interests therein) to be issued to one or more Dealer(s), the price and amount of such Notes (or beneficial interests therein) will be determined by the Issuer and such Dealer(s) at the time of issue in accordance with prevailing market conditions. For Notes (or beneficial interests therein) to be issued to one or more investor(s) purchasing such Notes (or beneficial interests therein) directly from the Issuer, the price and amount of such Notes (or beneficial interests therein) will be determined by the Issuer and such investor(s).

No Material Adverse Change or Significant Change

As of the date of this Base Prospectus, the Issuer hereby confirms that, other than to the extent described in "Risk Factors - Risks Relating to Turkey" and "Risk Factors - Risks Relating to the Group and its Business," there has been: (a) no material adverse change in the prospects of the Issuer since the date of its last published audited BRSA Financial Statements, (b) no significant change in the financial performance of the Group since the end of the last financial period for which BRSA Financial Statements have been published to the date of this Base Prospectus and (c) no significant change in the financial position of the Group since the end of the last financial period for which BRSA Financial Statements have been published. As of the date of this Base Prospectus, each of such date and period ends is 31 December 2020.

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 Base Prospectus that might have or in such period had significant effects on the Bank's and/or the Group's financial position or profitability.

Interests of Natural and Legal Persons Involved in the Issue

Except with respect to the fees to be paid to the Arrangers and Dealers, so 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; *provided* that one or more of such Person(s) might own Notes (or beneficial interests therein). It should be noted that one of the Dealers (*i.e.*, QNB Capital LLC) is a subsidiary of QNB and thus an affiliate of the Bank.

Independent Auditors

With respect to the BRSA Financial Statements incorporated by reference herein: (a) the BRSA Annual Financial Statements have been audited by EY, independent auditor, each of which was audited in accordance with the Regulation on Independent Audit of Banks published by the BRSA and Independent Auditing Standards, which is a component of the Turkish Auditing Standards published by the POA, and (b) with respect to interim periods ending as of (and for periods ending on) dates after 31 December 2020, such are reviewed by PwC in accordance with such Turkish Auditing Standards. EY is an independent auditor in Turkey and authorised by the BRSA to conduct independent audits of banks in Turkey. EY is located at Maslak Mahallesi, Eski Büyükdere Caddesi Orjin Plaza No:27, Kat: 2-3-4, Daire: 54-57-59, 34485 Sarıyer, İstanbul, Turkey. PwC is an independent auditor in Turkey and authorised by the BRSA to conduct independent audits of banks in Turkey. PwC is located at BJK Plaza, Süleyman Seba Caddesi No: 48, B Blok Kat: 9, Akaretler Beşiktaş, İstanbul, Turkey.

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.

Dealers and Arrangers Transacting with the Issuer

Certain of the Arrangers, the Dealers and/or their respective affiliates have engaged, and might in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and/or the Issuer's affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Arrangers, the Dealers and their respective affiliates might make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities might involve securities and/or instruments of the Issuer or its affiliates. The Arrangers, the Dealers and their respective affiliates that have a credit relationship with the Issuer might from time to time hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Arrangers, the Dealers and their respective affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions might adversely affect future trading prices of an investment in the Notes. The Arrangers, the Dealers and their respective affiliates might also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and might hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

INDEX OF DEFINED TERMS

APPENDIX A

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.

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 carried at cost. 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

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.

THE ISSUER

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REGISTRAR, TRANSFER AGENT AND PAYING AGENT

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UNITED STATES PAYING AGENT AND TRANSFER AGENT

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LEGAL COUNSEL TO THE DEALERS AS TO TURKISH LAW AND TURKISH TAX COUNSEL

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