TÜRKİYE İŞ BANKASI A.Ş.
Issue of US$750,000,000 Fixed Rate Resettable Tier 2 Notes due 2030
under its US$7,000,000,000 Global Medium Term Note Programme
Issue price: 100.000%

The US$750,000,000 Fixed Rate Resettable Tier 2 Notes due 2030 (the "*Notes*") are being issued by Türkiye İş Bankası A.Ş., a banking institution organised as a public joint stock company under the laws of the Republic of Turkey ("*Turkey*") and registered with the İstanbul Trade Registry under number 431112 (the "*Bank*" or the "*Issuer*"), under its US$7,000,000,000 Global Medium Term Note Programme (the "*Programme*").

The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the "*Securities Act*"), of the United States of America (the "*United States*" or "*U.S.*") or any other U.S. federal or state securities laws and are being offered only for sale in offshore transactions to persons who are not "U.S. persons" ("*U.S. persons*") as defined in, and in reliance upon, Regulation S under the Securities Act ("*Regulation S*"). For a description of certain restrictions on the sale and transfer of investments in the Notes, see "*Plan of Distribution*" herein and "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus (as defined under "*Documents Incorporated by Reference*" below). 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.

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 will bear interest from (and including) 22 January 2020 (the "*Issue Date*") to (but excluding) 22 January 2025 (the "*Issuer Call Date*") at a fixed rate of 7.750% *per annum*. From (and including) the Issuer Call Date to (but excluding) 22 January 2030 (the "*Maturity Date*"), the Notes will bear interest at a fixed rate *per annum* equal to the Reset Interest Rate (as defined herein). Interest will be payable semi-annually in arrear on the 22nd day of each January and July (each an "*Interest Payment Date*") up to (and including) the Maturity Date; *provided* that if any such date is not a Payment Business Day (as defined in Condition 7.4), then the Noteholders will not be entitled to payment until the next Payment Business Day and, in any such case, will not be entitled to further interest or other payment in respect of such delay. As provided in Condition 8, the Issuer may redeem all, but not some only, of the Notes outstanding: (a) subject (if required by applicable law) to having obtained the prior approval of the Banking Regulation and Supervision Agency (*Bankacılık Düzenleme ve Denetleme Kurumu*) (the "*BRSA*") of Turkey: (i) on the Issuer Call Date or (ii) at any time for certain tax reasons or (b) upon the occurrence of a Capital Disqualification Event (as defined in Condition 8.4), in each case at their respective then Prevailing Principal Amount (as defined in Condition 5.5) together with all interest accrued and unpaid to (but excluding) the date of redemption. The Notes are otherwise scheduled to be redeemed by the Issuer at their respective then Prevailing Principal Amount on the Maturity Date. For a more detailed description of the Notes, see "*Terms and Conditions of the Notes*" (the "*Conditions*") herein. Reference to a "Condition" herein is to the corresponding clause of the Conditions.

The Notes are subject to loss absorption upon the occurrence of a Non-Viability Event (as defined in Condition 6.2), in which case an investor in the Notes might lose some or all of its investment in the Notes. See Condition 6.

This offering memorandum (this "*Offering Memorandum*") has been approved by the Irish Stock Exchange plc trading as Euronext Dublin ("*Euronext Dublin*") and has been prepared for the purpose of admitting the Notes to the official list (the "*Official List*") of Euronext Dublin and to trading on its Global Exchange Market ("*GEM*"). GEM is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "*MiFID II*"). This Offering Memorandum constitutes "listing particulars" for the purposes of the admission of the Notes to the Official List and to trading of the Notes on GEM and does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended, the "*Prospectus Regulation*"). Application has been made to Euronext Dublin to approve this document as "listing particulars" and for the Notes to be admitted to the Official List and to trading on GEM; *however*, no assurance can be given that such application will be accepted. References in this Offering Memorandum to the Notes being "*listed*" (and all related references) shall mean that the Notes have been admitted to the Official List and to trading on GEM.

Application has been made to the Capital Markets Board (the "*CMB*") of 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 the Notes by the Bank outside of Turkey. No Notes may be sold before the necessary approvals are obtained from the CMB. The final CMB approved issuance certificate and the CMB approval letter relating to the issuance of notes under the Programme based upon which the offering of the Notes is conducted were each obtained on 17 January 2020 and, to the extent (and in the form) required by applicable law, a written approval of the CMB relating to the Notes will be required to be obtained on or before the Issue Date. The BRSA has also approved the issuance of the Notes.

The Notes are expected to be rated at issuance "B" by Fitch Ratings Limited ("*Fitch*") and "Caa3" by Moody's Investors Service Limited ("*Moody's*" and, with S&P Global Ratings Europe Limited ("*S&P*") and Fitch, the "*Rating Agencies*"). The Bank has also been rated by the Rating Agencies as set out on page 145 of the Original Base Prospectus (as defined herein) (as amended by the first supplement to the Base Prospectus dated 20 August 2019 (the "*First Supplement*") and the second supplement to the Base Prospectus dated 18 November 2019 (the "*Second Supplement*")). Each of the Rating Agencies is established in the European Union (the "*EU*") and is registered under Regulation (EC) No. 1060/2009, as amended (the "*CRA Regulation*"). As such, each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority ("*ESMA*") on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The Notes are being offered in reliance upon Regulation S by Morgan Stanley & Co. International plc (the "*Sole Bookrunner*"), subject to its acceptance and right to reject orders in whole or in part. It is expected that delivery of the Notes will be made, against payment therefor in immediately available funds on the Issue Date, in book-entry form only through the facilities of Euroclear Bank SA/NV ("*Euroclear*") and/or Clearstream Banking S.A. ("*Clearstream, Luxembourg*").

Sole Bookrunner

Morgan Stanley

The date of this Offering Memorandum is 17 January 2020.

This Offering Memorandum does not constitute a prospectus for the purposes of the Prospectus Regulation or Section 12(a)(2) of, or any other provision of or rule under, the Securities Act.

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

RESPONSIBILITY STATEMENT

The Issuer confirms that: (a) this Offering Memorandum (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 the information incorporated by reference into) this Offering Memorandum is true and accurate in all material respects and is not misleading, (c) any opinions, predictions or intentions expressed in this Offering Memorandum (including in any of the documents (or 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 Offering Memorandum 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.

The Issuer accepts responsibility for the information contained in (including the information incorporated by reference into) this Offering Memorandum. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum (including the information incorporated herein by reference) is in accordance with the facts and contains no omission likely to affect the import of such information.

To the fullest extent permitted by law, none of the Agents (as defined in the Conditions) or the Sole Bookrunner accept any responsibility for the information contained in (including incorporated by reference into) this Offering Memorandum or any other information provided by the Issuer in connection with the Notes or for any statement consistent with this Offering Memorandum made, or purported to be made, by the Sole Bookrunner or on its behalf in connection with the issue and offering of the Notes (or beneficial interests therein) and none of the Agents or the Sole Bookrunner accepts any responsibility for any acts or omissions of the Issuer or any other Person (as defined in Condition 4.5) in connection with the issue and offering of the Notes (or beneficial interests therein). The Sole Bookrunner 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 Sole Bookrunner expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor or potential investor in the Notes of any information coming to its attention.

In connection with the issue and offering of the 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 Offering Memorandum 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 the Sole Bookrunner.

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

Neither this Offering Memorandum nor, except to the extent explicitly stated therein, any other information supplied by (or on behalf of) the Issuer or the Sole Bookrunner in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Sole Bookrunner or their respective affiliates to any Person to subscribe for or purchase any Notes (or beneficial interests therein).

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

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

GENERAL INFORMATION

The distribution of this Offering Memorandum and/or the offer or sale of Notes (or beneficial interests therein) might be restricted by law in certain jurisdictions. None of the Issuer or the Sole Bookrunner represent that this Offering Memorandum may be lawfully distributed, or that the Notes (or beneficial interests therein) may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer that is intended to permit a public offering of the Notes (or beneficial interests therein) or distribution of this Offering Memorandum, any advertisement or any other material relating to the Notes in any jurisdiction in which action for that purpose is required. Accordingly: (a) no Notes (or beneficial interests therein) may be offered or sold, directly or indirectly, and (b) neither this Offering Memorandum nor any advertisement or other material relating to the Notes may be distributed or published in any jurisdiction except, in each case, under circumstances that will result in compliance with all applicable laws. Persons into whose possession this Offering Memorandum or any Notes (or beneficial interests therein) come(s) must inform themselves about, and observe, any such restrictions on the distribution of this Offering Memorandum, any advertisement or other material relating to the Notes and the offering and/or sale of the Notes (or beneficial interests therein). In particular, there are restrictions on the distribution of this Offering Memorandum and the offer and/or sale of the Notes (or beneficial interests therein) in (*inter alia*) Turkey, the United States, the EEA (including the United Kingdom and Belgium), 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 "*Plan of Distribution*" herein and "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus.

In making an investment decision with respect to the Notes, investors must rely upon their own examination of the Issuer and the terms of the Notes, including the merits and risks involved. Other than the approvals of the BRSA and the CMB (*i.e.*, the Programme Approvals and the BRSA Tier 2 Approval described below), the Notes have not been approved or disapproved by any securities commission or other regulatory authority in Turkey or any other jurisdiction, nor have the foregoing authorities approved this Offering Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Offering Memorandum. Any representation to the contrary might be unlawful.

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

The Notes might not be a suitable investment for all investors. As noted above, each potential investor contemplating making an investment in the Notes must make its own assessment as to the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its own determination of the suitability of 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. 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 Notes, the merits and risks of investing in the Notes and the information contained in (including the information incorporated by reference into) this Offering Memorandum,

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

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from such potential investor's currency,

(d) understands thoroughly the terms of the 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 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) the Notes (or beneficial interests therein) are legal investments for it, (b) its investment in the Notes can be used by it as collateral for various types of borrowing and (c) other restrictions apply to its purchase, holding or pledge of any Notes (or beneficial interests therein). Financial institutions should consult their legal 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 17 January 2020 and numbered No. 29833736-105.02.02-E.740) and the final CMB approved issuance certificate (*onaylanmış ihraç belgesi*) (dated 17 January 2020 and numbered 7/BA-83) (together, the "*CMB Approval*") and the BRSA approval letter (dated 2 January 2020 and numbered 20008792-101.02.01[44]-E.15) (the "*BRSA Approval*" and, with the CMB Approval, the "*Programme Approvals*") required for the issuance of notes under the Programme. In addition to the Programme Approvals, to the extent (and in the form) required by law, an additional approval of the CMB in respect of the Notes is required to be obtained by the Issuer on or before the Issue Date. The Issuer also has obtained a letter dated 21 October 2019 and numbered 20008792-101.02.01[20]-E.12273 from the BRSA (the "*BRSA Tier 2 Approval*") approving the treatment of the Notes as Tier 2 capital of the Bank for so long as the Notes comply with the requirements of the Regulation on Equities of Banks published in the Official Gazette No. 28756 dated 5 September 2013 (the "*Equity Regulation*").

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

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 may, in the secondary markets only, purchase or sell Notes (or beneficial interests therein) (as they are denominated in a currency other than Turkish Lira) in offshore transactions on an unsolicited (reverse inquiry) basis; *provided* that such purchase or sale is made through licensed banks authorised by the BRSA or licensed brokerage institutions authorised pursuant to CMB regulations and the purchase price is transferred through such licensed banks. As such, Turkish residents should

use such licensed banks or such licensed brokerage institutions when purchasing Notes (or beneficial interests therein) and should transfer the purchase price through such licensed banks.

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 (*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 (*Merkezi Kayıt Kuruluşu A.Ş.*) (trade name: Central Registry İstanbul (*Merkezi Kayıt İstanbul*)) ("*Central Registry İstanbul*") within three İstanbul business days from the Issue Date of the amount, Issue Date, ISIN, interest commencement date, maturity date, interest rate, name of the custodian and currency of the Notes and the country of issuance.

Notes, which will only be offered and sold pursuant to Regulation S in offshore transactions to persons who are not U.S. persons, initially will be represented by beneficial interests in a global note in registered form (the "*Regulation S Registered Global Note*").

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

This Offering Memorandum 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 submitted by (or on behalf of) the Issuer or the Sole Bookrunner.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended, the "*SFA*") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (as amended, the "*CMP Regulations 2018*"), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the "*MAS*") Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

MIFID II PRODUCT GOVERNANCE / ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (a) the target market for the Notes (and beneficial interests therein) is eligible counterparties and professional clients only, each as defined in 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 manufacturers' target market assessment; *however*, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (or beneficial interests therein) (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

U.S. INFORMATION

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

STABILISATION

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

Notwithstanding anything herein to the contrary, the Issuer may not (whether through overallotment or otherwise) issue more Notes than have been authorised by the CMB or are permitted under the Programme.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Currency Presentation and Exchange Rates

In this Offering Memorandum, all references to: (a) "*Turkish Lira*" refers to the lawful currency for the time being of Turkey and (b) "*U.S. Dollars*" and "*US$*" refer to United States dollars. No representation is made that the Turkish Lira or U.S. Dollar amounts in this Offering Memorandum 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.

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

In this Offering Memorandum: (a) "*Bank*" or "*Issuer*" means Türkiye İş Bankası 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) and (b) the term "*law*" shall (unless the context otherwise requires) be deemed to include legislation, regulations and other legal requirements.

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

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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 to determine which factors are most likely to occur as the Issuer might not be aware of all relevant factors and certain factors that it currently considers not to be material might become material as a result of the occurrence of future events of which the Issuer does not have knowledge as of the date of this Offering Memorandum. The Issuer has identified in (including by incorporating by reference into) this Offering Memorandum a number of factors that might materially adversely affect its ability to make payments due in respect of the Notes.

Prospective investors in the Notes should also read the detailed information set out elsewhere in (or incorporated by reference into) this Offering Memorandum 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 "*Risk Factors - Risks Relating to Turkey*" in the Base Prospectus describes the material such risks relating to the Issuer that have been identified by the Issuer's management, 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 macro 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 "*Risk Factors - Risks Relating to the Group and its Business*" in the Base Prospectus. Investors should also consider risks relating to the structure of, and market for, the Notes, the material ones of which that have 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.

Terms used in these risk factors and not otherwise defined herein shall have the meanings given to them in the Conditions.

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 notes issued by the Issuer (both of which are set out in the corresponding sub-category below). Such risks that the Issuer's management has identified as having a material impact on investors in the Notes are set out in this category of risk factors; *it being understood* that the following does not address any specific conditions of, or circumstances relating to, any particular investor (including such investor's own tax, regulatory or other circumstances) but rather to investors generally speaking.

Risks Relating to the Structure of the Notes

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

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

On any distribution of the assets of the Issuer on its dissolution, winding-up or liquidation (as further described in the definition of "Subordination Event" in Condition 3.4), and for so long as such Subordination Event subsists, the Issuer's obligations under the Notes will rank subordinate in right of payment to the payment of all Senior Obligations and no amount will be paid under the Notes until all such Senior Obligations have been satisfied. Unless the Issuer has assets remaining after making all such payments in such circumstances, no payments will be made on the Notes. Consequently, although the Notes might provide for a higher rate of interest than comparable notes that are not subordinated, an investor in the Notes might lose all or some of its investment upon the occurrence of a Subordination Event.

Potential Permanent Write-Down – The Prevailing Principal Amount of a Note might be permanently written-down by an amount determined by the BRSA upon the occurrence of a Non-Viability Event

If a Non-Viability Event occurs at any time, then the Prevailing Principal Amount of each outstanding Note will be Written-Down by the relevant amount specified by the BRSA in the manner described in Condition 6.1. In conjunction with any determination of Non-Viability of the Issuer by the BRSA: (a) losses may be absorbed by shareholders of the Issuer pursuant to Article 71 of the Banking Law (Law No. 5411) upon the transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF, on the condition that such loss(es) are deducted from the capital of the shareholders, and/or (b) the Issuer's operating licence might be revoked and/or it might be liquidated; *however*, the Write-Down of the Notes under the Equity Regulation may take place before any such transfer or liquidation.

Condition 6.1 provides, among other things, that a Write-Down of the Notes shall only take place in conjunction with any such transfer or liquidation, which is intended to ensure that whilst the Write-Down of the Notes may take place before such transfer or liquidation, the intended respective rankings of the Issuer's obligations (as described in Condition 3.1) are maintained and the relevant losses are absorbed by Junior Obligations (as defined in Condition 3.4) to the maximum extent possible in accordance with the provisions of such Junior Obligations or allowed by law. Where a Write-Down of the Notes does take place before any such liquidation of the Issuer, Noteholders would only be able to claim and prove in the liquidation of the Issuer in respect of the Prevailing Principal Amount of the Notes outstanding following such Write-Down.

Notwithstanding the above, should the BRSA determine that the Notes are to be Written-Down before the absorption of the relevant loss(es) by shareholders of the Issuer pursuant to Article 71 of the Banking Law or any other Statutory Loss-Absorption Measure, there can be no assurance that such loss absorption will take place or that it will be taken into account by the BRSA in the determination of the relevant Write-Down Amount.

Should such loss absorption not take place or not be so taken into account by the BRSA, subject as described in "-*Limited Remedies*" below, a Noteholder may institute proceedings against the Issuer to enforce the above-described provisions of the Notes; *however*, to the extent any judgment was obtained in the United Kingdom on the basis of English law as the governing law of the Notes (other than those provisions of the Conditions governed by Turkish law), there is uncertainty as to the enforceability of any such judgment by Turkish courts. In addition, there are certain circumstances in which the courts of Turkey might not enforce a judgment obtained in the courts of another country, which are more fully described under the section entitled "*Enforcement of Judgments and Service of Process*" in the Base Prospectus. There can therefore be no assurance that a Noteholder would be able to enforce in Turkey any judgment obtained in the courts of another country in these circumstances.

Any Write-Down of the Notes would be permanent and Noteholders will have no further claim against the Issuer in respect of any Written-Down Amount. Consequently, there is a real risk that an investor in the Notes will lose all or some of its investment upon the occurrence of a Non-Viability Event and the occurrence of any such event (or any suggestion or expectation of such occurrence) might materially adversely affect the

market price of an investment in the Notes. See Condition 6 for further information on any such potential Write-Down of the Notes, including for the definitions of various terms used in this risk factor.

No Limits on Senior Obligations or Parity Obligations – There will be no limitation under the documents relating to the issuance of the Notes on the Issuer's incurrence of Senior Obligations or Parity Obligations

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

Limited Remedies – Investors will have limited remedies under the Notes

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

No other remedy against the Issuer will be available to Noteholders, whether for the recovery of amounts owing in respect of the Notes or otherwise, in respect of any Event of Default or in respect of any breach by the Issuer of any of its obligations, covenants or undertakings under the Notes, and Noteholders will not be able to take any further or other action to enforce, claim or prove for any payment by the Issuer in respect of the Notes.

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

The Notes will initially bear interest at the Initial Interest Rate to (but excluding) the Issuer Call Date, at which time the Interest Rate will be reset to the Reset Interest Rate. The Reset Interest Rate, which could be affected by market and numerous other conditions in effect at the time of its determination, could be less than the Initial Interest Rate and thus could negatively affect the market price of an investment in the Notes. See Condition 5 for further information of such resetting of the Interest Rate, including for the definitions of various terms used in this paragraph.

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

In accordance with Condition 8, the Issuer will in certain circumstances described below have the right to redeem all, but not some only, of the Notes at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption. This optional redemption feature is likely to limit the market price of an investment in the Notes because, until the end of the period in which the Issuer may elect so to redeem the Notes, the market price of an investment in the Notes generally will not rise substantially above the price at which they can be redeemed. If the Issuer elects to redeem the Notes in accordance with Condition 8.3, at any time when the Issuer has the right to redeem the Notes in accordance with Condition 8.2 or 8.4 or if there is an anticipation that the Issuer will so redeem the Notes, then this might lead to fluctuations in the market price of an investment in the Notes. 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 and might only be able to do so at a significantly lower 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: In accordance with Condition 8.2, the Issuer will have the right to redeem the Notes, subject (if required by applicable law) to having obtained the prior approval of the BRSA, at any time at their respective

then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption if, as a result of any change in, or amendment to, the laws of a Relevant Jurisdiction (as defined in Condition 9.2), or any change in the application or official interpretation of the laws of a Relevant Jurisdiction, which change or amendment becomes effective after the Agreement Date (*i.e.*, 16 January 2020): (a)(i) on the next Interest Payment Date, the Issuer would be required to: (A) pay additional amounts as provided or referred to in Condition 9 and (B) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction at a rate in excess of the prevailing applicable rates on the Agreement Date, and (ii) such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or (b) the Issuer would no longer be entitled to claim a deduction in calculating its tax liability in a Relevant Jurisdiction in respect of the payment of interest to be made on the next Interest Payment Date or the value of such deduction to the Issuer, as compared to what it would have been on the Agreement Date, has been or will be reduced.

The withholding tax rate on interest payments in respect of bonds issued by Turkish legal entities outside of Turkey varies depending upon the original maturity of such bonds as specified under Decree No. 2009/14593 dated 12 January 2009, which was 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 rate on interest on the Notes is currently 0%.

Issuer Call Date: In accordance with Condition 8.3, the Issuer will have the right to redeem all of the Notes at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the Issuer Call Date, subject (if required by applicable law) to having obtained the prior approval of the BRSA. As of the date of this Offering Memorandum, the approval of the BRSA is required by applicable law and (under Article 8(2)(d) of the Equity Regulation) such approval is subject to the conditions that, among other things: (a) the Issuer does not create market expectation regarding the exercise of the redemption option, (b) the Notes are replaced with an equivalent, or higher, quality of capital and such replacement does not restrict the Issuer's ability to continue its operations and/or (as applicable) (c) the Issuer continues to satisfy its applicable capital requirements following the exercise of the redemption option (see "*Turkish Regulatory Environment – Capital Adequacy – Tier 2 Rules under Turkish Law*" in the Base Prospectus.

Capital Disqualification Event: If a Capital Disqualification Event (as defined in Condition 8.4) occurs at any time after the Issue Date, then the Issuer will have the right to redeem all of the Notes at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption in accordance with Condition 8.4.

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 securities 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 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 an investment in the Notes

The Notes will have no established trading market when issued and (even if the Notes are admitted to the Official List) one might never develop or, if developed, 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 Issuer'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.

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.

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

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and for Extraordinary Resolutions to be passed in writing or by way of electronic consents. These provisions permit investors in the Notes holding defined percentages of the Notes to bind all investors in the Notes, including investors that did not attend and vote at the relevant meeting (or did not sign such a written resolution or provide such electronic consent, as applicable) and investors that voted in a manner contrary to the decision of the deciding group. As a result, decisions might be taken by the holders of such defined percentages of the Notes that are contrary to the preferences of any particular investor in the Notes.

Substitution or Variation - Upon the occurrence of certain events, the Notes may be substituted or their terms varied, in each case without the consent of the Noteholders.

If at any time a Tax Event or Capital Disqualification Event occurs, the Issuer may, instead of redeeming the Notes, and without the consent or approval of the Noteholders, at any time either substitute the Notes or vary their terms accordingly so that they remain or become, as applicable, Qualifying Tier 2 Securities. Qualifying Tier 2 Securities are, among other things, notes that have terms not materially less favourable to a Noteholder (when considered generally and without consideration of the individual circumstances of any Noteholder), as determined by the Issuer following the advice of an independent financial institution of international standing, than the terms of the Notes. See Condition 8.5.

There can be no assurance as to how the terms of any Qualifying Tier 2 Securities resulting from any such substitution or variation will be viewed by the market or whether any such Qualifying Tier 2 Securities will trade at prices that are at least equivalent to the prices at which investments in the Notes would have traded on the basis of their original terms.

In addition, the Issuer will not be under any obligation to have regard to the tax position of any holders of the Notes in connection with any such substitution or variation of the Notes or to the tax consequences of any such substitution or variation for individual Noteholders. No holder of the Notes shall be entitled to claim any indemnification or payment from or have any other recourse to the Issuer or any other person in respect of any tax consequences of any such substitution or modification for that Noteholder.

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

As permitted by Condition 16, the Issuer may from time to time without the consent of the Noteholders create and issue further notes having terms and conditions the same as those of the Notes, or the same in all respects save for the amount and/or date of the first payment of interest thereon, the date from which interest starts to accrue, transfer restriction provisions, the issue date and the issue price, so that the same shall be consolidated and form a single series with the outstanding Notes. To the extent that the Issuer issues such further Notes, the existing Noteholders' share of such Series (*e.g.*, in respect of any meeting of holders of the Notes (see "-*Consent for Modifications*" above)) will be diluted.

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

Although the CMB has issued the CMB Approval authorising the issuance of a maximum amount of the Notes 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: (a) the Notes have not been and are not expected to be registered under the Securities Act or any state's or other jurisdiction's securities laws and (b) this Offering Memorandum has not been approved by any jurisdiction's regulatory authorities (including the SEC). 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 interests 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 "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus.

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, 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 Issuer or its management

The Issuer is a public joint stock company organised under the laws of Turkey (specifically, under the Banking Law). Certain of the directors and officers of the Issuer 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 Issuer 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 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*" in the Base Prospectus.

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 these jurisdictions

The Conditions are based upon the applicable laws of England and Turkey and administrative practice in effect as of the date of this Offering Memorandum, 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 Offering Memorandum, 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

It is possible that interests in the 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: (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 might be 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 might be limited

The Notes will be represented on issue by Global Notes that will be deposited with and registered in the name of a nominee for a Common Depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the applicable Global Note, 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.

For so long as any Notes are represented by Global Notes, the Issuer will discharge its payment obligations thereunder by making payments to the applicable registered Noteholder. A holder of a beneficial interest in a Global Note must rely upon the procedures of the relevant Clearing System and its direct and indirect 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 and its direct and indirect participants 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 direct and indirect participants to appoint appropriate proxies or to act directly. Similarly, holders of beneficial interests in a Global Note might have to prove their interests in order to take enforcement action against the Issuer with respect to the Notes.

Sanction Targets – Persons investing 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 Sudan, and specially designated nationals (together "*Sanction Targets*"). As the Issuer is not a Sanction Target, OFAC regulations do not prohibit U.S. persons from investing in, or otherwise engaging in business with, the Issuer; *however*, to the extent that the Issuer invests in, or otherwise engages in business with, Sanction Targets directly or indirectly, U.S. persons investing in the Issuer might incur the risk of indirect contact with Sanction Targets. See "*Business of the Group – Compliance with OFAC Rules*" in the Base Prospectus. Although the Issuer's current policy is not to engage in any business with Sanction Targets, there can be no assurance that current counterparties of the Group will not become Sanction Targets in the future. Non-U.S. persons from jurisdictions with similar sanctions might similarly incur the risk of indirect contacts with sanction targets.

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

The Issuer will pay principal and interest on the Notes in U.S. Dollars, which presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "*Investor's Currency*") other than U.S. Dollars. These include the risk that exchange rates might significantly change (including changes due to devaluation of the U.S. Dollar 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 U.S. Dollar 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 Issuer's payments on the Notes, then an investor in the Notes might receive less interest or principal than expected, or no interest or principal, and/or might receive payment in a currency other than U.S. Dollars. An investor might also not be able to convert (at a reasonable exchange rate or at all) amounts received in U.S. Dollars into the Investor's Currency, which might materially adversely affect the market price of an investment in the Notes. There might also be tax consequences for investors of any such currency changes.

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

The expected initial credit rating(s) of the Notes are set out on the cover of this Offering Memorandum. Any relevant rating agency may lower, suspend or withdraw its rating of the Notes if, in its sole judgment, the credit quality of the Notes has declined or is in question. If any credit rating assigned to the Notes is lowered, suspended or withdrawn, then the market price of an investment in the Notes might decline.

In addition to the ratings of the Notes provided by Moody's and Fitch, and the ratings of the Issuer by Moody's, Fitch and S&P, one or more other independent credit rating agency(ies) might assign credit ratings to the 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. In addition, the ratings might not reflect the potential impact of all risks related 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 the Notes also do not address the marketability of investments in the Notes or any market price. Any change in the credit ratings of the Notes or the Issuer might adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes. The significance of each rating should be analysed independently from any other rating.

RECENT DEVELOPMENTS

Turkish banking regulators have been particularly active recently in implementing policies to support the government's economic policies, including the government's intention to reduce the impact of fluctuations in the value of the Turkish Lira. Recent changes have included (*inter alia*) the following:

(a) Effective from 9 August 2019, the Central Bank introduced a special provision requirement regime applicable to certain Turkish Lira-denominated liabilities and remuneration rates of Turkish banks with annual loan growth rates within a certain range. As of 9 December 2019, it was determined that Turkish banks with an annual growth rate in certain Turkish Lira-denominated loans (determined in real, as opposed to nominal, terms and subject to certain adjustments) of 5-15% will be subject to a lowered reserve requirement ratio of: (i) 2% (which is 7% for the banks who do not satisfy the annual loan growth requirement) in respect of their Turkish Lira deposits with a maturity of up to three-months and other liabilities with a maturity of up to one year, (ii) 2% (which is 4% for the banks who do not satisfy the annual loan growth requirement) in respect of their Turkish Lira deposits with a

maturity of up to six-months. In addition, banks with such an annual loan growth rate receive a higher interest rate (10%) on their reserve accounts maintained in Turkish Lira than is paid to other banks (0%). As a result of this new regime, long-term commercial loans (which have a strong relation with production and investment) and long-term housing loans (which have a weak relation with imports) are being encouraged by the Central Bank. Loan growth rates will be calculated for every reserve requirement period and banks with real annual loan growth rates complying with the defined conditions will be subject to related reserve requirement ratios and remuneration rates throughout the following three months (six reserve requirement maintenance periods).

(b) 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 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; *provided* that this restriction does not apply to transactions with a bank's non-Turkish financial subsidiaries and other affiliates that are subject to consolidation.

(c) To support financial stability and the real loan growth-linked reserve requirement practice, the Central Bank decided on 28 December 2019 to increase 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 for banks that attain certain Turkish Lira real loan growth conditions.

(d) Effective from 10 January 2020, the Central Bank began applying a new commission on required reserves held in foreign exchange and on notice-foreign exchange deposit accounts held with the Central Bank, which commission seeks to encourage a reverse dollarisation process for deposit/participation funds. As a result, the annual commission rate on U.S. Dollar-denominated deposits/participation funds is 2.5% while the annual commission rate for foreign currency-denominated deposits/participation funds other than U.S. Dollar-denominated ones is 0.25%.

See "Risk Factors - Risks Relating to the Group and its Business" in the Base Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (or the indicated parts thereof), which have previously been published or are published simultaneously with this Offering Memorandum and have been filed with Euronext Dublin, shall be incorporated into, and form part of, this Offering Memorandum:

(a) the sections of the Base Prospectus dated 30 April 2019 (the "*Original Base Prospectus*") as supplemented by the First Supplement and the Second Supplement (the "*Base Prospectus*") relating to the Programme and titled as set out in the table below (*it being understood* that such supplements are also incorporated by reference herein as relevant and the sections of the Original Base Prospectus set out in the table below should be read in conjunction with such supplements):

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* The section titled "Risk Factors - Risks Relating to Turkey" was added to the Base Prospectus through the Second Supplement.
** The section titled "Risk Factors - Risks Relating to the Group and its Business" was added to the Base Prospectus through the Second Supplement.
*** The section titled "Recent Developments" was added to the Base Prospectus through the Second Supplement.

(b) the audited consolidated BRSA financial statements of the Group as of and for each of the years ended 2017 (including comparative information for 2016) and 2018 (including comparative information for 2017) (in each case, including any notes thereto and the independent auditor's reports thereon) (the "*BRSA Consolidated Annual Financial Statements*"),

(c) the audited unconsolidated BRSA financial statements of the Bank as of and for each of the years ended 31 December 2017 (including comparative information for 2016) and 2018 (including comparative information for 2017) (in each case, including any notes thereto and the independent auditor's reports thereon) (with the BRSA Consolidated Annual Financial Statements, the "*BRSA Annual Financial Statements*"), and

(d) the unaudited interim consolidated BRSA financial statements of the Group and the unaudited interim unconsolidated BRSA financial statements of the Bank as of and for the nine month period ended 30 September 2019 (including comparative information for the six month period ended 30 September 2018 and any notes thereto and the independent auditors' review reports thereon) (the "*BRSA Interim*

Financial Statements" and, with the BRSA Annual Financial Statements, the "*BRSA Financial Statements*").

With respect to each of the BRSA Financial Statements, please see "*Other General Information – Independent Auditors*" below.

Following the publication of this Offering Memorandum, a supplement to this Offering Memorandum might be prepared by the Bank and approved by Euronext Dublin in accordance with paragraph 3.10 of GEM's Listing and Admission to Trading Rules for Debt Securities (the "*GEM Listing Rules*"), including in the event (prior to the issuance of the Notes) of: (a) any significant change affecting any matter contained in this Offering Memorandum or (b) any significant new matter arising, the inclusion of information in this Offering Memorandum in respect of which would have been required if it had arisen at the time when this Offering Memorandum was prepared. 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 Offering Memorandum or in a document (or portions thereof) incorporated by reference into this Offering Memorandum. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Memorandum.

Any statement contained in a document (or a portion thereof) that is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained herein or in any other document (or, as applicable, relevant portion thereof) incorporated by reference herein, or in any supplement hereto, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Memorandum.

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 were 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 Offering Memorandum.

Copies of documents (or portions thereof) incorporated by reference into this Offering Memorandum are available on the Bank's website at:

(a) https://www.isbank.com.tr/en/about-us/usd-7000000000-global-medium-term-note-program-2019 (with respect to the Original Base Prospectus),

(b) https://www.isbank.com.tr/en/about-us/first-supplement-to-the-base-prospectus-dated-april-30-2019 (with respect to the First Supplement),

(c) https://www.isbank.com.tr/en/about-us/second-supplement-to-the-base-prospectus-dated-april-30-2019 (with respect to the Second Supplement), and

(d) https://www.isbank.com.tr/en/about-us/financial-statements (with respect to each of the BRSA Financial Statements).

Where only parts of a document are being incorporated by reference, the non-incorporated parts of that document are either not material for an investor in the Notes or are covered elsewhere in (including being incorporated by reference into) this Offering Memorandum. Any documents themselves incorporated (or portions of which are incorporated) by reference into the documents (or portions thereof) incorporated by reference into this Offering Memorandum do not (and shall not be deemed to) form part of (and are not incorporated into) this Offering Memorandum.

The contents of any website (except for the documents (or portions thereof) incorporated by reference into this Offering Memorandum to the extent set out on any such website) referenced in this Offering Memorandum do not (and shall not be deemed to) form part of (and are not incorporated into) this Offering Memorandum and have not been scrutinized or approved by Euronext Dublin.

OVERVIEW OF THE OFFERING

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

Issue:	US$750,000,000 Fixed Rate Resettable Tier 2 Notes due 2030 (*i.e.*, the Notes) issued under the Programme in compliance with Article 8 of the Equity Regulation and the BRSA Tier 2 Approval and subject to the CMB's approval in accordance with the Communiqué on Debt Instruments and Article 15(b) of Decree 32.
Interest and Interest Payment Dates:	The Notes will bear interest from (and including) the Issue Date (*i.e.*, 22 January 2020) to (but excluding) the Issuer Call Date (*i.e.*, 22 January 2025) at a fixed rate of 7.750% *per annum*. From (and including) the Issuer Call Date to (but excluding) the Maturity Date (*i.e.*, 22 January 2030), the Notes will bear interest at a fixed rate *per annum* equal to the Reset Interest Rate. Interest will be payable semi-annually in arrear on each Interest Payment Date (*i.e.*, 22 January and 22 July in each year) up to (and including) the Maturity Date; *provided* that if any such date is not a Payment Business Day (as defined in Condition 7.4), then the Noteholders will not be entitled to payment until the next Payment Business Day and, in any such case, will not be entitled to further interest or other payment in respect of such delay. "*Reset Interest Rate*" means the rate *per annum* equal to the aggregate of: (a) the Reset Margin (*i.e.*, 6.119% *per annum*) and (b) the CMT Rate (as defined in Condition 5.5), as determined by the Fiscal Agent on the third Business Day immediately preceding the Issuer Call Date (*i.e.*, the Reset Determination Date).
Maturity Date:	Unless previously redeemed or purchased and cancelled as provided in the Conditions, the Notes will be redeemed by the Bank at their respective then Prevailing Principal Amount on the Maturity Date (*i.e.*, 22 January 2030).
Use of Proceeds:	The net proceeds of the offering of the Notes will be used by the Bank for general corporate purposes.
Regulatory Treatment:	Application was made by the Bank to the BRSA for confirmation that the full principal amount of the Notes will qualify for initial treatment as "Tier 2" capital (as provided under Article 8 of the Equity Regulation), which approval (*i.e.*, the BRSA Tier 2 Approval) was received on 21 October 2019. See "*Turkish Regulatory Environment - Capital Adequacy – Tier 2 Rules under Turkish Law – New Tier 2 Rules*" in the Base Prospectus.
Status and Subordination:	The Notes (and claims for payment by the Issuer in respect thereof) will constitute direct, unsecured and

subordinated obligations of the Issuer and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

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

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

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

By virtue of the subordination of the Notes set out in Condition 3, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid under the Notes until all payment obligations in respect of Senior Obligations have been satisfied. Please refer to Condition 3.1.

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

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

(b) in conjunction with, and such that no Write-Down shall take place without there also being: (i) the maximum possible reduction in the principal amount of and/or corresponding conversion into equity being made or other similar or equivalent action being taken in respect of all Junior Loss-Absorbing Instruments in accordance with the provisions of such Junior Loss-Absorbing Instruments and (ii) the implementation of Statutory Loss-Absorption Measures, involving the absorption by all other Junior Obligations (including common equity Tier 1 capital (*çekirdek sermaye*)) to the maximum extent allowed by applicable law of the relevant loss(es) giving rise to the Non-Viability of the Issuer within the framework of the procedures and other measures by which the relevant loss(es) of the Issuer giving rise to the Non-Viability Event may be absorbed by such Junior Obligations pursuant to Article 71 of the Banking Law (Law No. 5411) and/or otherwise under Turkish law,

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

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

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

No Link to Derivative Transactions or Group-provided Security; Non-Group Transactions: ..... The Issuer shall not in a manner that would violate the condition stated in Article 8(2)(b) of the Equity Regulation (i.e., in a manner resulting in the Notes, in the event of the dissolution, winding-up or liquidation of the Issuer, failing to: (a) have priority over all Additional Tier 1 Instruments or (b) be subordinated with respect to all Senior Obligations):

(i) link its obligations in respect of the Notes to any derivative transactions or contract, or

(ii) either directly or indirectly, provide (or permit any of its Subsidiaries to provide) any security (in Turkish: *teminat*) for such obligations.

Please refer to Condition 3.3.

Certain Covenants: ..... The Bank will agree to certain covenants, including covenants limiting transactions with affiliates. Please refer to Condition 4.

Issuer Call: ..... The Bank may, having given not less than 30 nor more than 60 days' notice to the Noteholders (which notice will be irrevocable), redeem all, but not some only, of the Notes then outstanding, subject (if required by applicable law) to having obtained the prior approval of the BRSA, on the Issuer Call Date (*i.e.*, 22 January 2025) at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the Issuer Call Date. Please refer to Condition 8.3 for further information.

Optional Redemption for Capital Disqualification Event: ..... The Issuer may, having given notice to the Noteholders in accordance with Condition 8.4, redeem all, but not some only, of the Notes then outstanding at any time at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption upon the occurrence of a Capital Disqualification Event. Please refer to Condition 8.4.

Taxation; Payment of Additional Amounts: ..... All payments by the Issuer in respect of the Notes are to be made without withholding or deduction for or on account of Turkish taxes, unless the withholding or deduction is required by applicable law. In such event, the Issuer will (subject to certain exceptions) pay such

	additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts that would have been receivable in respect of the Notes in the absence of such withholding or deduction. Please refer to Condition 9. All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA or any law implementing an intergovernmental approach to FATCA, as provided in Condition 7.1 and, in accordance with Condition 9.1, no additional amount will be payable by the Issuer, any Paying Agent or any other Person in respect of any such withholding or deduction. Under current Turkish law, withholding tax at the rate of 0% applies on interest on the Notes. See "Taxation - Certain Turkish Tax Considerations" in the Base Prospectus.
Optional Redemption for Taxation Reasons:	The Issuer may, having given notice to the Noteholders in accordance with Condition 8.2 and subject (if required by applicable law) to having obtained the prior approval of the BRSA, redeem all, but not some only, of the Notes at any time at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption upon the occurrence of certain tax changes after 16 January 2020 (*i.e.*, Tax Events). Please refer to Condition 8.2.
Substitution or Variation instead of Redemption:	If at any time a Tax Event or a Capital Disqualification Event occurs, the Issuer may, instead of giving notice to redeem the Notes, but subject to compliance with applicable Turkish law (including the Equity Regulation and, to the extent required to be obtained, the receipt of the prior approval of the BRSA) and having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), at any time (without any requirement for the consent or approval of the Noteholders) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities. Please refer to Condition 8.5.
Events of Default:	Upon the occurrence of certain events, the holder of any Note may exercise certain limited remedies. Please see Condition 11 for further information.
Form, Transfer and Denominations:	Notes will be represented by beneficial interests in the Regulation S Registered Global Note in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with the Common Depositary and registered in the name of a nominee of the Common Depositary. Except in limited circumstances, certificates for the Notes will not be issued to investors in exchange for beneficial interests

	in a Global Note. Interests in the Regulation S Registered Global Note will be represented in, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg (or their respective direct or indirect participants, as applicable). Interests in the Notes will be subject to certain restrictions on transfer. See "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus. Notes will be issued in denominations of US$200,000 and in integral multiples of US$1,000 in excess thereof.
Purchases by the Issuer and/or its Subsidiaries:	Except to the extent permitted by applicable law, the Notes (and beneficial interests therein) shall not be purchased by, or otherwise assigned and/or transferred to, or for the benefit of, a Related Entity (as defined in Condition 8.6) or the Issuer. If so permitted by applicable law, the Issuer or any Related Entity may at any time purchase or otherwise acquire Notes (and beneficial interests therein) in any manner and at any price in the open market or otherwise. Please see Condition 8.6.
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, of the United States, a "plan" as defined in and subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "*Code*"), of the United States 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*" in the Base Prospectus.
Governing Law:	The Notes will be, and the Agency Agreement and the Deed of Covenant are, and any non-contractual obligations arising out of or in connection with any of them will be, governed by and construed in accordance with English law, except for the provisions of Condition 3 (including as referred to in Condition 6.1), which will be governed by, and construed in accordance with, Turkish law.
Listing and Admission to Trading:	Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on GEM; *however*, no assurance can be given that such application will be accepted.
Turkish Selling Restrictions:	The offer and sale of the Notes (or beneficial interests therein) are subject to restrictions in Turkey in accordance with applicable CMB and BRSA laws and regulations. See "*Plan of Distribution*" below and "*Subscription and Sale and Transfer and Selling Restrictions - Selling Restrictions - Turkey*" in the Base Prospectus.
Other Selling Restrictions:	The Notes have not been and will not be registered

	under the Securities Act or any other U.S. federal or state securities laws and the Notes (and beneficial interests therein) may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes (or beneficial interests therein) are also subject to restrictions in (*inter alia*) the EEA (including the United Kingdom and Belgium), the PRC, Hong Kong, Singapore, Japan, Switzerland and Thailand. See "*Subscription and Sale and Transfer and Selling Restrictions - Selling Restrictions*" in the Base Prospectus.
Issue Price:	100.000% of the principal amount of the Notes
Yield:	7.750% *per annum* (for the period through the Issuer Call Date)
Security Codes:	ISIN: XS2106022754 Common Code: 210602275
Representation of Noteholders:	There will be no trustee.
Expected Ratings:	"B" by Fitch and "Caa3" by Moody's
Fiscal Agent and Principal Paying Agent:	The Bank of New York Mellon, London Branch
Registrar, Transfer Agent and Paying Agent:	The Bank of New York Mellon SA/NV, Luxembourg Branch
U.S. Paying Agent and Transfer Agent:	The Bank of New York Mellon, New York Branch

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes that (except for the paragraphs in italics, which are included for informational purposes only) will be incorporated by reference into, or be attached to, each Global Note (as defined below) and each definitive Note, 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 Sole Bookrunner 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.

Terms and Conditions of the Notes

This Note is one of a series of US$750,000,000 Fixed Rate Resettable Tier 2 Notes due 2030 (the "*Notes,*" which expression shall in these Terms and Conditions (these "*Conditions*"), unless the context otherwise requires, include any further notes issued pursuant to Condition 16 and forming a single series with these original Notes) issued by Türkiye İş Bankası A.Ş. (the "*Issuer*") pursuant to the Agency Agreement (as defined below).

References herein to the "Notes" shall, unless the context otherwise requires, mean: (a) in relation to any Notes represented by a global Note (a "*Global Note*"), units of each Specified Denomination, (b) any Global Note and (c) any definitive Notes in registered form (whether or not issued in exchange for a Global Note in registered form).

The Notes have the benefit of an amended and restated agency agreement dated 30 April 2019 as supplemented by a supplemental agency agreement dated the Issue Date (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 expression shall, in each case, include any successor fiscal agent and exchange agent) and the other paying agents named therein (together with the Fiscal Agent, the "*Paying Agents*," which expression shall include any additional or successor paying agents), The Bank of New York Mellon, New York Branch as transfer agent (together with the Registrar (as defined below), the "*Transfer Agents*," which expression shall include any additional or successor transfer agent) and The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the "*Registrar*," which expression shall include any successor registrar).

Any reference to a "*Noteholder*" or "*holder*" in relation to any Note shall mean the Person(s) in whose name such Note is registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below.

The Noteholders are entitled to the benefit of a deed of covenant dated 30 April 2018 and made by the Issuer (such deed as modified, supplemented and/or restated from time to time, the "*Deed of Covenant*"). The original of the Deed of Covenant is held by the common depositary for Euroclear Bank SA/NV ("*Euroclear*") and Clearstream Banking S.A. ("*Clearstream, Luxembourg*").

Copies of the Agency Agreement and the Deed of Covenant are available for inspection 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 and the Registrar being together referred to as the "*Agents*") by any Noteholder that produces evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the Deed of Covenant that are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and these Conditions, these Conditions shall prevail.

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 in registered form, serially numbered and issued in amounts of US$200,000 and integral multiples of US$1,000 in excess thereof (each, a "*Specified Denomination*"). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. 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*"). The proceeds of the Notes shall be fully paid in cash to the Issuer.

1.2 Title

Subject as set out below, title to the Notes will pass upon registration of transfer in accordance with the provisions of the Agency Agreement. The Issuer and each of the Agents will (except as otherwise required by applicable law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership, trust or any other interest or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next two paragraphs.

For so long as any of the Notes is represented by a Global Note deposited with and, subject to the following paragraph, 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) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg, as the case may be, as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg, as the case may be, as to the nominal amount of such Notes standing to the account of any Person shall be conclusive and binding for all purposes save 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 nominal amount of such Notes (and the 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 or interest on such nominal amount of such Notes, for which purpose the registered holder of the relevant Global Note shall be treated by the Issuer and each Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "*Noteholder*" and "*holder*" and related expressions shall 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 Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may be approved by the Issuer and the Fiscal Agent.

2. TRANSFERS OF NOTES

2.1 Transfers of Interests in Global Notes

Transfers of beneficial interests in Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and (in turn) by direct and (if appropriate) indirect participants in such clearing systems acting on behalf of transferors and transferees of such beneficial interests. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for a Note in definitive form or for a beneficial interest in another Global Note, in each case, only in the Specified Denomination (and provided that the aggregate nominal amount of any 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-existing rules and operating procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement and/or the relevant Note.

2.2 Transfers of Notes in Definitive Form

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Note in definitive form may be transferred in whole or in part (in a Specified Denomination) (and provided that, if transferred in part, the aggregate nominal amount of the balance of such Note not so transferred is an amount at least equal to the minimum Specified Denomination). In order to effect any such transfer: (a) the holder or holders must: (i) surrender such Note for registration of the transfer of such Note (or the relevant part of such Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof (or by an attorney or attorneys duly authorised in writing), 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 Schedule 10 to the Agency Agreement).

Subject as provided in the preceding paragraph, the relevant Transfer Agent will, 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 Note in definitive form of a like aggregate nominal amount to the Note (or the relevant part of the Note) being transferred. In the case of the transfer of part only of a Note in definitive form, a new Note in definitive form in respect of the balance of the 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 the transferor. No transfer of a Note (or a portion thereof) will be valid unless and until entered in the Register (as defined in Condition 7.2).

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 the 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.

3. STATUS OF THE NOTES

3.1 Subordination

The Notes (and claims for payment by the Issuer in respect thereof) will constitute direct, unsecured and subordinated obligations of the Issuer and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

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

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

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

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

3.2 No Set-off or Counterclaim

All payment obligations of, and payments made by, the Issuer under and in respect of the Notes must be determined and made without reference to any right of set-off or counterclaim of any holder of the Notes, whether arising before or in respect of any Subordination Event. By virtue of the subordination

of the Notes, following a Subordination Event and for so long as that Subordination Event subsists and prior to all payment obligations in respect of Senior Obligations having been satisfied, no holder of the Notes shall exercise any right of set-off or counterclaim in respect of any amount owed to such holder by the Issuer in respect of the Notes and any such rights shall be deemed to be waived.

3.3 No Link to Derivative Transactions or Group-provided Security; Non-Group Transactions

The Issuer shall not in a manner that would violate the condition stated in Article 8(2)(b) of the Equity Regulation (*i.e.*, in a manner resulting in the Notes, in the event of the dissolution, winding-up or liquidation of the Issuer, failing to: (a) have priority over all Additional Tier 1 Instruments or (b) be subordinated with respect to all Senior Obligations):

(i) link its obligations in respect of the Notes to any derivative transactions or contract, or

(ii) either directly or indirectly, provide (or permit any of its Subsidiaries to provide) any security (in Turkish: *teminat*) for such obligations.

3.4 Interpretation

In these Conditions:

"*Additional Tier 1 Capital*" means additional tier 1 capital as provided under Article 7 of the Equity Regulation,

"*Additional Tier 1 Instrument*" means any security, other debt instrument or loan that constitutes Additional Tier 1 Capital of the Issuer,

"*BRSA*" means the Banking Regulation and Supervision Agency (in Turkish: *Bankacılık Düzenleme ve Denetleme Kurumu*) of Turkey or such other governmental authority in Turkey having primary bank supervisory authority with respect to the Issuer,

"*Equity Regulation*" means the BRSA Regulation on the Equity of Banks (published in the Official Gazette dated 5 September 2013 and numbered 28756), as amended, modified, supplemented or superseded from time to time,

"*Junior Obligations*" means any class of share capital (including ordinary and preferred shares) of the Issuer together with any payment obligations of the Issuer (including in respect of any Additional Tier 1 Instruments), which obligations rank, or are expressed to rank, junior to the Issuer's obligations under the Notes,

"*Parity Obligations*" means any obligations of the Issuer in respect of any Tier 2 Instruments or other payment obligations of the Issuer, which in each case rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the Notes,

"*Senior Obligations*" means any of the Issuer's present and future indebtedness and other obligations (including, without limitation, any obligations of the Issuer: (a) in respect of any Senior Taxes, statutory preferences and other legally-required payments, (b) to depositors, trade creditors and other senior creditors and (c) under hedging and other financial instruments), other than its obligations under: (i) the Notes, (ii) any Parity Obligations and (iii) any Junior Obligations,

"*Senior Taxes*" means any tax, levy, fund, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) including, without limitation, the Banking and Insurance Transactions Tax (*Banka ve Sigorta Muameleleri Vergisi*) imposed by Article 28 of the Expenditure Taxes Law (Law No. 6802), income withholding tax pursuant to the Decrees of the Council of Ministers of Turkey (Laws No. 2009/14592, 2009/14593 and 2009/14594, as amended by Laws No. 2011/1854 and 2010/1182 and Presidential Decree No. 842), Articles 15 and 30 of the Corporate Income Tax Law (Law No. 5520) and Article 94 and Provisional Article 67 of the Income Tax Law (Law No. 193), any reverse VAT imposed by the VAT Law (Law No. 3065), any stamp tax imposed by the Stamp Tax Law (Law No. 488) and any withholding tax imposed by, or anti-tax haven regulations under, Article 30.7 of the Corporate Income Tax Law (Law No. 5520),

"*Subordination Event*" means any distribution of the assets of the Issuer on a dissolution, winding-up or liquidation of the Issuer whether in bankruptcy, insolvency, receivership, voluntary or mandatory reorganisation of indebtedness (*konkordato*) or any analogous proceedings referred to in the Banking Law (Law No. 5411), the Turkish Commercial Code (Law No. 6102) or the Turkish Execution and Bankruptcy Code (Law No. 2004),

"*Tier 2 Capital*" means tier 2 capital as provided under Article 8 of the Equity Regulation, and

"*Tier 2 Instrument*" means any security, other debt instrument or loan that constitutes Tier 2 Capital of the Issuer.

4. COVENANTS

4.1 Maintenance of Authorisations

So long as any of the Notes 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 BRSA) for: (a) the execution, delivery or performance of the Agency Agreement, the Deed of Covenant and the Notes or for the validity or enforceability thereof or (b) save to the extent any failure to do so does not and would 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 (a "*Material Adverse Effect*"), the conduct by it of the Permitted Business.

4.2 Transactions with Affiliates

So long as any of the Notes 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 (and each such other aggregated Affiliate Transaction) is on terms that are no less favourable to the Issuer or the relevant Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Subsidiary with an unrelated Person.

4.3 Financial Reporting

So long as any of the Notes 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 consistently applied and BRSA accounting standards ("*BRSAAS*"), together with the corresponding financial statements for the preceding financial year, and all such annual financial statements of the Issuer shall be accompanied by the report of the auditors thereon, and

(b) not later than four months after the end of the first six months of each financial year of the Issuer, English language copies of its unaudited (or, if published, audited) consolidated financial statements for such six month period, prepared in accordance with IFRS consistently applied and BRSAAS, together with the corresponding financial statements for the corresponding period of the previous financial year, and all such interim financial statements of the Issuer shall be accompanied by the report of the auditors thereon.

4.4 Merger, Amalgamation, Consolidation, Sale, Assignment or Disposal

So long as any of the Notes remains outstanding, the Issuer shall not merge, amalgamate or consolidate with or into, or sell, assign or otherwise dispose of all or substantially all of its property and assets (whether in a single transaction or a series of related transactions) to, any other Person (a "*New Bank*") without the prior approval of the holders of the Notes by way of an Extraordinary Resolution unless either:

(a) (i) the New Bank is incorporated, domiciled and resident in Turkey and executes a deed poll and such other documents (if any) as may be necessary to give effect to its assumption of all of the obligations, covenants, liabilities and rights of the Issuer in respect of the Notes (together, the "*Documents*") and (without limiting the generality of the foregoing) pursuant to which the New Bank shall undertake in favour of each Noteholder to be bound by the Notes, these Conditions and the provisions of the Agency Agreement and the Deed of Covenant as fully as if it had been named in the Notes, these Conditions, the Agency Agreement and the Deed of Covenant in place of the Issuer, and

(ii) the Issuer (or the New Bank) delivers to the Fiscal Agent a legal opinion from a leading firm of lawyers in each of Turkey and England to the effect that, subject to no greater limitations as to enforceability than those that would apply in any event in the case of the Issuer, the Documents constitute or, when duly executed and delivered, will constitute, legal, valid and binding obligations of the New Bank, with each such opinion to be dated not more than seven days prior to the date of such merger, amalgamation or consolidation or sale, assignment or other disposition,

and provided that: (A) no Event of Default has occurred and is continuing and (B) such merger, amalgamation or consolidation or sale, assignment or other disposition does not and would not: (I) result in any other default or breach of the obligations and covenants of the Issuer under the Notes or of the New Bank on its assumption of such obligations and covenants in accordance with the provisions of this Condition 4.4(a) or (II) otherwise have a Material Adverse Effect, as determined by reference to the Issuer immediately prior to, and the New Bank immediately after, the relevant merger, amalgamation or consolidation or sale, assignment or other disposition, or

(b) the surviving legal entity following any such merger, amalgamation or consolidation is the Issuer.

4.5 Interpretation

For the purposes of these Conditions:

"*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 purposes of this definition, "*control*," as used with respect to any Person, shall mean 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.

"*IFRS*" means the requirements of International Financial Reporting Standards (formerly International Accounting 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).

"*Material Subsidiary*" means at any time a Subsidiary of the Issuer:

(a) 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 IFRS financial statements of the Issuer and its Subsidiaries

relate, are equal to) not less than 10 *per cent*. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited IFRS financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated IFRS financial statements of the Issuer and its Subsidiaries; *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 IFRS financial statements of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated IFRS financial statements of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts 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,

(b) 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 forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall immediately become a Material Subsidiary pursuant to this sub-paragraph (b) but shall cease to be a Material Subsidiary on the date of publication of the Issuer's next audited consolidated IFRS financial statements unless it would then be a Material Subsidiary under sub-paragraph (a) above, or

(c) to which is transferred an undertaking or assets that, taken together 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 IFRS financial statements of the Issuer and its Subsidiaries relate, are equal to) not less than 10 *per cent*. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole (calculated as set out in sub-paragraph (a) above); *provided* that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith 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 10 *per cent*. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole (all as calculated as set out in sub-paragraph (a) above), and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this sub-paragraph (c) on the date of the publication of the Issuer's next audited consolidated IFRS financial statements, save 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 accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (a) 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.

"*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.

"*Person*" means any individual, company, unincorporated association, government, state agency, international organisation or other entity.

"*Subsidiary*" means, in relation to any Person (the "*first Person*"), any Person: (a) in which such first Person holds a majority of the voting rights, (b) of which such first Person is a member and has the right to appoint or remove a majority of the board of directors or (c) of which such first Person is a member and controls a majority of the voting rights, and includes any company that is a Subsidiary of a Subsidiary of such Person; *provided* that, in relation to the consolidated financial statements of the Issuer or any other Person, a Subsidiary shall include (and only include) any Person that is (in accordance with applicable laws and IFRS) consolidated into the Issuer or such other Person, as the case may be.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

Each Note bears interest in respect of the period from (and including):

(a) the Issue Date to (but excluding) the Issuer Call Date at the rate of 7.750 *per cent. per annum* (the "*Initial Interest Rate*"), and

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

Interest will be payable semi-annually in arrear on each of 22 January and 22 July (each an "*Interest Payment Date*") in each year up to (and including) the Maturity Date, commencing on 22 July 2020.

In the case of any Write-Down (as defined in Condition 6.1) of the Notes, interest will be paid on the Notes:

(i) if the Notes are Written-Down in full, on the date of the Write-Down (the "*Write-Down Date*") and in respect of: (A) the period from (and including) the Interest Payment Date immediately preceding the Write-Down Date (or, if none, the Issue Date) to (but excluding) the Write-Down Date and (B) the Prevailing Principal Amount(s) of the outstanding Notes during that period, and

(ii) if the Notes are not Written-Down in full, on the Interest Payment Date immediately following such Write-Down (the "*Partial Write-Down Interest Payment Date*") and calculated as the sum of the amount of interest payable in respect of:

(A) the period from (and including) the Interest Payment Date immediately preceding the Write-Down Date (or, if none, the Issue Date) to (but excluding) the Write-Down Date; and

(B) the period from (and including) the Write-Down Date to (but excluding) the Partial Write-Down Interest Payment Date,

and, in each case, the Prevailing Principal Amount(s) of the outstanding Notes during those respective periods.

The Fiscal Agent will calculate the amount of interest payable on the Notes in respect of any period by applying the applicable Interest Rate to:

(I) in the case of Notes that are represented by a Global Note, the aggregate Prevailing Principal Amount of the outstanding Notes represented by such Global Note, or

(II) in the case of Notes in definitive form, US$1,000 (the "*Calculation Amount*"),

and, in each case, multiplying such sum by 30/360, and rounding the resultant figure to the nearest US$0.01 (with US$0.005 being rounded upwards). Where the Prevailing Principal Amount of a Note in definitive form is a multiple of the Calculation Amount, the amount of interest 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 such Prevailing Principal Amount, without any further rounding. For any Prevailing Principal Amount of a Note in definitive form that is not an integral multiple of the Calculation Amount (*e.g.*, as a result of any Write-Down), the amount of interest payable in respect of such Prevailing Principal Amount shall be determined in the same manner as for a Global Note above.

In the case of a period for which interest is to be calculated where different Prevailing Principal Amounts for a Note have applied (*e.g.*, where a Write-Down occurred during such period), the above calculation shall be performed separately for each sub-period within that period during which the Prevailing Principal Amount of such Note was different and the aggregate of the amounts resulting from such calculations shall be the interest payable in respect of the relevant period.

5.2 Determination and Notification of Reset Interest Rate

The Fiscal Agent will at or as soon as practicable after the Relevant Time determine the Reset Interest Rate and cause: (a) it to be notified to the Issuer and any stock exchange on which the Notes are for the time being listed and (b) notice thereof to be published in accordance with Condition 14, in each case, as soon as possible after such determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression "*London Business Day*" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

5.3 Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 shall (in the absence of wilful default, bad faith or manifest error) be binding upon the Issuer, the Fiscal Agent, the other Agents and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer or the Noteholders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.4 Accrual of Interest

Each Note will cease to bear interest from (and including) the date for its redemption unless 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 have been paid, 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 14.

5.5 Interpretation

For the purposes of these Conditions:

"*30/360*" means the number of days in the Interest Period or the Relevant Period, as the case may be, to (but excluding) the relevant payment date *divided by* 360, calculated on the basis of a year of 360 days with twelve 30-day months,

"*Bloomberg Screen*" means the display page on the Bloomberg L.P. information service designated as the "H15T5Y" page or such other page as shall replace it on that information service or any successor information service for the purpose of displaying "treasury constant maturities" as reported in the H.15(519),

"*Business Day*" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in İstanbul, London and New York City,

"*CMT Rate*" means the rate determined by the Fiscal Agent and expressed as a percentage equal to:

(a) the yield for United States Treasury Securities at "constant maturity" for a designated maturity of five years, as published in the H.15(519) under the caption "treasury constant maturities (nominal)," as that yield is available on the Bloomberg Screen at the Relevant Time,

(b) if the yield referred to in sub-paragraph (a) is not available on the Bloomberg Screen at the Relevant Time, then the yield for United States Treasury Securities at "constant maturity" for a designated maturity of five years as available in the H.15(519) under the caption "treasury constant maturities (nominal)" at the Relevant Time, or

(c) if the yield referred to in sub-paragraph (a) and (b) are not so available at the Relevant Time, then the Reset Reference Bank Rate,

"*H.15(519)*" means the weekly statistical release designated as H.15(519), or any successor publication, published by the board of governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15 (or any successor site or publication),

"*Initial Principal Amount*" means, in respect of a Note, US$1,000 for each US$1,000 of the Specified Denomination of that Note as of the Issue Date (or, with respect to any further notes issued pursuant to Condition 16, the issue date thereof),

"*Interest Period*" means the period from (and including) an Interest Payment Date (or, as the case may be, the Issue Date) to (but excluding) the next (or, as the case may be, first) Interest Payment Date,

"*Issue Date*" means 22 January 2020,

"*Issuer Call Date*" means 22 January 2025,

"*Maturity Date*" means 22 January 2030,

"*Prevailing Principal Amount*" means, in respect of a Note at any time, the Initial Principal Amount of that Note as reduced (on one or more occasion(s)) by any Write-Down (as defined in Condition 6.1) at or prior to such time,

"*Relevant Period*" means the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date,

"*Relevant Time*" means at or around 11:00 a.m. (New York City time) on the Reset Determination Date,

"*Representative Amount*" means a principal amount of United States Treasury Securities that is representative of a single transaction in United States Treasury Securities in the New York City market at the Relevant Time,

"*Reset Determination Date*" means the third Business Day immediately preceding the Issuer Call Date,

"*Reset Margin*" means 6.119 *per cent. per annum*.

"*Reset Reference Bank Rate*" means the rate *per annum* equal to the semi-annual equivalent yield to maturity of the Reset United States Treasury Securities determined by the Fiscal Agent on the basis of the arithmetic mean of the Reset Reference Bank Rate Quotations provided by the Reset Reference Banks to the Fiscal Agent at the Relevant Time. The Fiscal Agent will request the principal office of each of the Reset Reference Banks to provide such quotations. If three or more quotations are so provided, then the Reset Reference Bank Rate shall be determined by the Fiscal Agent on the basis of the arithmetic mean of those quotations, eliminating the highest such quotation (or, in the event of equality, one of the highest) and the lowest such quotation (or, in the event of equality, one of the lowest). If only two quotations are so provided, then the Reset Reference Bank Rate shall be determined by the Fiscal Agent on the basis of the arithmetic mean of the quotations provided. If only one quotation is so provided, then the Reset Reference Bank Rate shall be determined by the Fiscal Agent on the basis of such quotation. If no quotations are so provided, then the Reset Reference Bank Rate shall be 1.631 *per cent. per annum*,

"*Reset Reference Bank Rate Quotation*" means, for each Reset Reference Bank, the secondary market bid prices of such Reset Reference Bank for Reset United States Treasury Securities at the Relevant Time,

"*Reset Reference Banks*" means five banks that are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York City (excluding the Fiscal Agent or any of its affiliates),

"*Reset United States Treasury Securities*" means United States Treasury Securities with an original maturity equal to five years, a remaining term to maturity of no less than four years and in a Representative Amount. If two United States Treasury Securities have remaining terms to maturity equally close to five years, then the Reset United States Treasury Securities shall be the United States Treasury Security with the shorter remaining term to maturity, and

"*United States Treasury Securities*" means securities that are direct obligations of the United States Treasury and were issued other than on a discount rate basis.

6. LOSS ABSORPTION UPON THE OCCURRENCE OF A NON-VIABILITY EVENT

6.1 Write-Down of the Notes

Under Article 8(2)(ğ) of the Equity Regulation, to be eligible for inclusion as Tier 2 Capital of the Issuer, it should, among other things, be possible pursuant to the terms of the Notes for the Notes to be written-down or converted into equity of the Issuer upon the decision of the BRSA in the event it is probable that: (a) the operating licence of the Issuer may be revoked or (b) shareholder rights, and the management and supervision of the Issuer, may be transferred to the SDIF, in each case pursuant to Article 71 of the Banking Law (Law No. 5411) (as further defined below, a Non-Viability Event). For the purposes of the Notes, the Issuer has elected pursuant to Article 8(2)(ğ) of the Equity Regulation to provide for the permanent write-down of the Notes and not their conversion into equity on the occurrence of a Non-Viability Event as follows.

If a Non-Viability Event occurs at any time, the Issuer shall:

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

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

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

  (ii) the implementation of Statutory Loss-Absorption Measures, involving the absorption by all other Junior Obligations (including common equity Tier 1 capital (*çekirdek sermaye*)) to the maximum extent allowed by applicable law of the relevant loss(es) giving rise to the Non-Viability of the Issuer within the framework of the procedures and other measures by which the relevant loss(es) of the Issuer giving rise to the Non-Viability Event may be absorbed by such Junior Obligations pursuant to Article 71 of the Banking Law (Law No. 5411) and/or otherwise under Turkish law,

reduce the then Prevailing Principal Amount of each outstanding Note by the relevant Write-Down Amount (any such reduction, a "*Write-Down*", "*Written-Down*" and "*Writing Down*" shall be construed accordingly).

For these purposes, any determination of a Write-Down Amount shall take into account the absorption of the relevant loss(es) by all Junior Obligations to the maximum extent possible or otherwise allowed by applicable law and the Writing Down of the Notes *pro rata* with all Parity Loss-Absorbing Instruments, thereby maintaining the respective rankings described under Condition 3.1.

As of the date of this Offering Memorandum, there are a number of corrective, rehabilitative and restrictive measures that the BRSA may require to be taken under Articles 68 to 70 of the Banking Law (Law No. 5411) prior to any determination of Non-Viability of the Issuer. In conjunction with any such determination by the BRSA: (a) losses may be absorbed by shareholders of the Issuer pursuant to

Article 71 of the Banking Law (Law No. 5411) upon the transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF, on the condition that such loss(es) are deducted from the capital of the shareholders, and/or (b) the Issuer's operating licence might be revoked and/or it might be liquidated; however, the Write-Down of the Notes under the Equity Regulation may take place before any such transfer or liquidation.

Pursuant to the first paragraph of this Condition 6.1, while the Notes may be Written-Down before any transfer or liquidation as described in the preceding paragraph, the Write-Down must take place in conjunction with such transfer of shareholders' rights to the SDIF or revocation of the Issuer's operating licence and liquidation pursuant to Article 71 of the Banking Law (Law No. 5411) in order that the respective rankings described in Condition 3.1 are maintained and the relevant loss(es) are absorbed by Junior Obligations to the maximum extent possible. In this respect, such action will be taken as is decided by the Board of the BRSA. Where a Write-Down of the Notes takes place before the liquidation of the Issuer, Noteholders would only be able to claim and prove in such liquidation in respect of the Prevailing Principal Amount of the outstanding Notes following the Write-Down.

The Issuer shall notify the Noteholders of any Non-Viability Event in accordance with Condition 14 as soon as practicable upon receiving notice thereof from the BRSA; *provided* that, prior to the publication of such notice, the Issuer shall deliver to the Fiscal Agent the statement(s) in writing received from (or published by) the BRSA of its determination of such Non-Viability Event. The Issuer shall further notify the Noteholders in accordance with Condition 14 and deliver to the Fiscal Agent the statement(s) in writing received from (or published by) the BRSA specifying the Write-Down Amount as soon as practicable upon receiving notice thereof from the BRSA. Any failure by the Issuer to give any such notice to or otherwise to so notify or deliver such statement(s) to Noteholders and/or the Fiscal Agent or to deliver to the Fiscal Agent and/or the Registrar any instructions related to a Write-Down shall not in any way impact on the effectiveness of, or otherwise invalidate, any Write-Down or give Noteholders any rights.

The occurrence of a Non-Viability Event or any Write-Down shall not constitute an event of default or the occurrence of any event related to the bankruptcy, winding-up or insolvency of the Issuer or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt or insolvent or for the dissolution, winding-up or liquidation of the Issuer.

A Non-Viability Event may occur on more than one occasion and the Notes may be Written-Down on more than one occasion, with each such Write-Down to involve the reduction of the then Prevailing Principal Amount of each outstanding Note by the relevant Write-Down Amount.

Noteholders will have no further claim against the Issuer in respect of any Written-Down Amount of the Notes and if, at any time, the Notes are Written-Down in full, the Notes shall be cancelled following payment of interest accrued and unpaid to (but excluding) the date of such final Write-Down and Noteholders will have no further claim against the Issuer in respect of any such Notes.

6.2 Interpretation

For the purposes of these Conditions:

"*Junior Loss-Absorbing Instruments*" means any Loss-Absorbing Instrument that is or represents a Junior Obligation,

"*Loss-Absorbing Instrument*" means any security, other instrument, loan or other obligation that has provision for all or some of its principal amount to be reduced, converted into equity and/or subjected to any other similar or equivalent action (in accordance with its terms or otherwise) on the occurrence or as a result of a Non-Viability Event (which shall not include ordinary shares or any other security, other instrument, loan or other obligation that does not have such provision in its terms or otherwise but that is subject to any Statutory Loss-Absorption Measure),

"*Non-Viability Event*" means the determination by the BRSA that, upon the incurrence of a loss by the Issuer (on a consolidated or non-consolidated basis), the Issuer has become, or it is probable that the Issuer will become, Non-Viable,

"*Non-Viable*" means, in the case of the Issuer, where the Issuer is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law (Law No. 5411) that: (a) the Issuer's operating licence is to be revoked and the Issuer liquidated or (b) the rights of all of the Issuer's shareholders (except to dividends), and the management and supervision of the Issuer, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders, and "*Non-Viability*" shall be construed accordingly,

"*Parity Loss-Absorbing Instruments*" means any Loss-Absorbing Instrument that is or represents a Parity Obligation,

"*SDIF*" means the Savings Deposit Insurance Fund (*Tasarruf Mevduatı Sigorta Fonu*) of Turkey,

"*Statutory Loss-Absorption Measure*" means the transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF pursuant to Article 71 of the Banking Law (Law No. 5411) or any analogous procedure or other measure under the laws of Turkey by which the relevant loss(es) of the Issuer giving rise to the Non-Viability Event may be absorbed by Junior Obligations, and

"*Write-Down Amount*," in respect of an outstanding Note, means the amount by which the Prevailing Principal Amount of such Note as of the date of the relevant Write-Down is to be Written-Down, which shall be determined as described in Condition 6.1 and may be all or part only of such Prevailing Principal Amount, in each case as specified in writing (including by way of publication) by the BRSA, and "*Written-Down Amount*" shall be construed accordingly.

While a Write-Down of the Notes may take place before the absorption of the relevant loss(es) giving rise to the Non-Viability Event to the maximum extent possible by Junior Obligations, such loss absorption might be taken into account by the BRSA, where relevant, in the determination of the Write-Down Amount in order for the respective rankings described in Condition 3.1 to be maintained on any Write-Down as provided in Condition 6.1.

7. PAYMENTS

7.1 Method of Payment

Except as provided in this Condition 7, payments will be made by credit or transfer to an account in U.S. dollars (or any account to which U.S. dollars may be credited or transferred) maintained by the payee or, at the option of the payee, by a cheque in U.S. dollars drawn on a bank that processes payments in U.S. dollars.

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 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 implementing such an intergovernmental agreement.

7.2 Payments in Respect of Notes

Notwithstanding any other provision of these Conditions to the contrary, payments of principal in respect of a Note (whether or not in global form) will 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 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 the Note appearing in the register of holders of the Notes maintained by the Registrar outside of the United Kingdom (the "*Register*") at the close of business at the specified office of the Registrar on the 15th day before the relevant due date (or, if such 15th day is not a day on which banks are open for business

in the city where the specified office of the Registrar is located, then the first such day prior to such 15th day) (in each case, the "*Record Date*"). Notwithstanding the previous sentence, if: (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than US$250,000, then payment may instead be made by a cheque in U.S. dollars drawn on a Designated Bank. For these purposes, "*Designated Account*" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "*Designated Bank*" means any bank or other financial institution that processes payments in U.S. dollars.

Except as set forth in the next and final sentences of this paragraph, payments of interest in respect of a Note (whether or not in global form) will be made by a cheque in U.S. dollars drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of such 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 in respect of a Note, such payment will be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of such Note that become payable to the holder thereof who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of a Note on redemption will be made in the same manner as the final payment of the Prevailing Principal Amount of such Note as described in the preceding paragraph.

Holders of Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by any Agent in respect of any payments of principal or interest in respect of the Notes.

None of the Issuer or any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.3 General Provisions Applicable to Payments

Except as provided in the Deed of Covenant, the registered holder of a Global 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 Euroclear or Clearstream, Luxembourg, as the case may be, as the beneficial owner of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for such Person's share of each payment so made by or on behalf of the Issuer to, or to the order of, the holder of such Global Note. Except as provided in the Deed of Covenant, no Person other than the registered holder of the relevant Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note.

7.4 Payment Business Day

If the date for payment of any amount in respect of any Note is not a Payment Business Day, then the holder thereof shall not be entitled to payment until the next Payment Business Day 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:

(a) any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation, and

(ii) İstanbul, London and New York City, and

(b) in the case of any payment in respect of a Global Note, a day on which each of Euroclear and/or Clearstream, Luxembourg, as the case may be, settle(s) payments in U.S. dollars.

7.5 Interpretation of Principal and Interest

Any reference in these Conditions to principal or interest in respect of a Note shall be deemed to include, as applicable, any additional amounts that may be payable with respect to such principal or interest under Condition 9.

8. REDEMPTION AND PURCHASE

8.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its then Prevailing Principal Amount on the Maturity Date.

8.2 Redemption for Taxation Reasons

If, as a result of any change in, or amendment to, the laws of a Relevant Jurisdiction (as defined in Condition 9.2), or any change in the application or official interpretation of the laws of a Relevant Jurisdiction, which change or amendment becomes effective after 16 January 2020 (the "*Agreement Date*"):

(a) (i) on the next Interest Payment Date, the Issuer would be required to:

(A) pay additional amounts as provided or referred to in Condition 9, and

(B) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction at a rate in excess of the prevailing applicable rates on the Agreement Date, and

(ii) such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or

(b) the Issuer would no longer be entitled to claim a deduction in calculating its tax liability in a Relevant Jurisdiction in respect of the payment of interest to be made on the next Interest Payment Date or the value of such deduction to the Issuer, as compared to what it would have been on the Agreement Date, has been or will be reduced,

(each a "*Tax Event*") then (subject to the following paragraph) the Issuer may, at its option, having given not less than 30 and not more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes, subject (if required by applicable law) to having obtained the prior approval of the BRSA, at any time at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Fiscal Agent:

(A) a certificate signed by two authorised signatories of the Issuer stating that the requirements referred to in sub-paragraphs (a) and/or (b) above, as the case may be, will apply on the next Interest Payment Date and, in the case of sub-paragraph (a), cannot be avoided by the Issuer taking reasonable measures available to it,

(B) if the BRSA's approval is required by applicable law, a copy of the BRSA's written approval for such redemption of the Notes, and

(C) an opinion of independent legal or tax advisers of recognised standing to the effect that (as a result of the change or amendment) the Issuer: (1) in the case of sub-paragraph (a)(i) above, has or will become obliged to pay such additional amounts, or (2) in the case of sub-paragraph (b) above, is or will no longer be entitled to claim such deduction or the value of such deduction has been or will be so reduced.

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

The Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding, subject (if required by applicable law) to having obtained the prior approval of the BRSA, on the Issuer Call Date at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the Issuer Call Date.

8.4 Redemption upon a Capital Disqualification Event

If a Capital Disqualification Event occurs at any time after the Issue Date, the Issuer may, having given not less than 30 and not more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption, which date shall not be earlier than the date on which the Notes (or the applicable portion thereof) cease to be eligible for inclusion as Tier 2 Capital of the Issuer), redeem all, but not some only, of the Notes then outstanding at any time at their respective then Prevailing Principal Amount together with all interest accrued and unpaid to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 8.4, the Issuer shall deliver to the Fiscal Agent: (a) a copy of the confirmation in writing by the BRSA required for the purpose of clause (b) of the definition of Capital Disqualification Event, if applicable, and (b) a certificate signed by two authorised signatories of the Issuer stating that such Capital Disqualification Event has occurred.

For the purposes of these Conditions, "*Capital Disqualification Event*" means if, as a result of either: (a) any change in applicable law (including the Equity Regulation) or (b) the application or official interpretation thereof, which change in application or official interpretation is confirmed in writing by the BRSA, all or any part of the aggregate Prevailing Principal Amount of the outstanding Notes is not (or will cease to be) eligible for inclusion as Tier 2 Capital of the Issuer.

8.5 Substitution or Variation instead of Redemption

If at any time a Tax Event or a Capital Disqualification Event occurs, the Issuer may, instead of giving notice to redeem the Notes pursuant to Condition 8.2 or 8.4, as the case may be, but subject to compliance with applicable Turkish law (including the Equity Regulation and, to the extent required to be obtained, the receipt of the prior approval of the BRSA) and having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), at any time (without any requirement for the consent or approval of the Noteholders) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities.

"*Qualifying Tier 2 Securities*" means any securities or other instruments issued directly or indirectly by the Issuer that:

(a) have terms not materially less favourable to the Noteholders (when considered generally and without consideration of the individual circumstances of any Noteholder), as determined by the Issuer following the advice of an independent financial institution of international standing, than the terms of the Notes immediately before such substitution or variation (with respect to a Capital Disqualification Event, without regard to the impact of such Capital Disqualification Event) and: (i) have a ranking at least equal to that of the Notes (with respect to a Capital Disqualification Event, without regard to the impact of such Capital Disqualification Event), (ii) have the same (or higher) Interest Rate as the Notes, (iii) have the same Interest Payment Dates as those applying to the Notes, (iv) have: (A) no redemption rights in addition to those in the Notes and (B) a redemption provision that is substantially similar to Condition 8.3, (v) are eligible for inclusion as Tier 2 Capital of the Issuer and (vi) preserve any existing rights under the Notes to any accrued interest on the Notes that has not been yet been paid, and

(b) to the extent the Notes are listed on a recognised stock exchange, are listed on a recognised stock exchange.

8.6 Purchases by the Issuer and/or its Subsidiaries

Except to the extent permitted by applicable law, the Notes (and beneficial interests therein) shall not be purchased by, or otherwise assigned and/or transferred to, or for the benefit of: (a) any entity that is controlled by the Issuer or over which the Issuer has significant influence (as contemplated in the Banking Law (Law No. 5411) and the Equity Regulation) (a "*Related Entity*") or (b) the Issuer. If so permitted by applicable law (including, if required by applicable law, subject to having obtained the prior approval of the BRSA), the Issuer or any Related Entity may at any time purchase, have assigned and/or transferred to it or otherwise acquire (or have a third party do so for its benefit) Notes (or beneficial interests therein) in any manner and at any price in the open market or otherwise, including (without limitation) in its capacity as a broker for a customer. Subject to applicable law, such Notes (and beneficial interests therein) may be held, resold or, at the option of the Issuer or (with the Issuer's consent) any such Related Entity (as the case may be) for those Notes (or beneficial interests therein) held by it, surrendered to any Paying Agent and/or the Registrar for cancellation.

8.7 Cancellation

All Notes that are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.6 shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

8.8 No other Redemption or Purchase

Neither the Issuer nor any Related Entity may redeem or purchase the Notes, as applicable, before the Maturity Date other than as provided in this Condition 8.

8.9 Revocation of Notice of Redemption, Substitution or Variation upon the Occurrence of a Non-Viability Event; No Redemption during Non-Viability Event

If the Issuer has given a notice of redemption of the Notes pursuant to Condition 8.2 or 8.3 or a notice of substitution or variation pursuant to Condition 8.5 and, after giving such notice but before the date of such redemption, substitution or variation, as applicable, a Non-Viability Event occurs, then the relevant notice of redemption, substitution or variation, as applicable, shall be automatically rescinded and shall be of no force and effect, the Notes will not be redeemed on the scheduled redemption date or substituted or varied, as applicable, and, instead, a Write-Down shall occur in respect of the Notes as described under Condition 6.

Following the occurrence of a Non-Viability Event and until such time as the relevant Write-Down has been effected or such Non-Viability Event has ended, the Issuer shall not be entitled to give any notice

of redemption pursuant to Condition 8.2 or 8.3 or a notice of substitution or variation pursuant to Condition 8.5.

9. TAXATION

9.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("*Taxes*") imposed or levied by or on behalf of any Relevant Jurisdiction unless such withholding or deduction is required by applicable law. In such event, the Issuer shall pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts that would have been receivable in respect of the Notes in the absence of such withholding or deduction; *except* that no such additional amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder who is liable for Taxes in respect of the Note by reason of such holder having some connection with any Relevant Jurisdiction other than the mere holding of the Note 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 (as defined below) except to the extent that a holder of the relevant Note would have been entitled to additional amounts on presenting the same for payment on the last day of such 30 day period assuming that day to have been a Payment Business Day (as defined in Condition 7.4).

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 in respect of the Notes for, or on account of, any withholding or deduction required pursuant to FATCA.

9.2 Interpretation

For the purposes of these Conditions:

"*Relevant Date*" means, with respect to any payment, the date on which such payment first becomes due except that, 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 by the Issuer to the holder of the relevant Note in accordance with Condition 14, and

"*Relevant Jurisdiction*" means Turkey or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

9.2 Additional Amounts

Any reference in these Conditions to any amounts payable in respect of the Notes shall be deemed also to refer to any additional amounts that may be payable under this Condition 9.

10. PRESCRIPTION

The Notes will become void unless claims in respect of principal and/or interest with respect thereto are made within a period of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date therefor.

11. EVENTS OF DEFAULT

If:

(a) 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) a Subordination Event occurs, or

(c) any order is made by any competent court, or resolution is passed, for the winding up, dissolution or liquidation of the Issuer,

(each an "*Event of Default*"), then the holder of any Note may:

(i) in the case of sub-paragraph (a) above, institute proceedings for the Issuer to be declared bankrupt or insolvent or for there otherwise to be a Subordination Event, or for the Issuer's winding up, dissolution or liquidation, and prove in the winding-up, dissolution or liquidation of the Issuer, and/or

(ii) in the case of sub-paragraph (b) or (c) above, claim or prove in the winding-up, dissolution or liquidation of the Issuer,

but (in either case) may take no further or other action to enforce, claim or prove for any payment by the Issuer in respect of the Notes and may only claim such payment in the winding-up, dissolution or liquidation of the Issuer.

In any of the events or circumstances described in sub-paragraph (b) or (c) above, the holder of any outstanding Note may give notice to the Issuer that such Note is, and such Note shall accordingly forthwith become, immediately due and repayable at its then Prevailing Principal Amount, together with all interest accrued and unpaid to (but excluding) the date of repayment, subject to the subordination provisions described under Condition 3.1.

The holder of any Note may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding upon the Issuer under the Notes (other than, without prejudice to the provisions above, any obligation for the payment of any principal or interest in respect of the Notes); *provided* that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any amount or amounts sooner than the same would otherwise have been payable by it, except with the prior approval of the BRSA.

No remedy against the Issuer other than as provided above shall be available to the holders of Notes, including for the recovery of amounts owing in respect of the Notes, in respect of any of the Events of Default or in respect of any breach by the Issuer of any of its obligations, covenants or undertakings under the Notes.

12. REPLACEMENT OF NOTES

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to: (a) evidence of such loss, theft, mutilation, defacement or destruction and (b) indemnity as the Issuer and/or the Registrar may reasonably require. Mutilated or defaced Notes 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.

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and/or to 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) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Transfer Agent (which may be the Registrar) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority, and

(c) there will at all times be a Paying Agent in a jurisdiction other than the jurisdiction in which the Issuer is incorporated.

Notice of any variation, termination, appointment or change in Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder. 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.

14. NOTICES

All notices to Noteholders regarding the Notes will 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 Notes at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing. For so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, each such notice also 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 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 Euroclear and/or Clearstream, Luxembourg, as applicable, for communication by them to the holders of interests in the applicable Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will 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. Any such notice shall be deemed to have been given to the holders of interests in the Notes on the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg, as the case may be, are open for business) after the day on which such notice was given to Euroclear and/or Clearstream, Luxembourg, as applicable.

Notices to be given by any Noteholder shall be in writing and given by lodging the same with the Registrar. Whilst any Notes are represented by a Global Note, such notice may be given by any holder of a beneficial interest in such Global Note to the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Fiscal Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS

15.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes (including any of these Conditions) or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer at any time and shall be convened by the Issuer if required in writing by Noteholders holding not less than five *per cent.* of the then aggregate Prevailing

Principal Amount of the Notes for the time being outstanding. A meeting that has been validly convened in accordance with the provisions of the Agency Agreement may be cancelled by the Person(s) who convened (or, if applicable, caused the Issuer to convene) such meeting giving at least five days' notice, which, in the case of a meeting convened by the Issuer, will be given to the Noteholders in accordance with Condition 14.

The quorum at any such meeting for passing an Extraordinary Resolution is one or more Person(s) holding or representing not less than 50 *per cent*. of the then aggregate Prevailing Principal Amount of the Notes for the time being outstanding, or at any adjourned meeting one or more Person(s) being or representing Noteholders whatever the aggregate Prevailing 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 the Notes (including modifying the Maturity Date, any other date for redemption of the 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 Notes, altering the currency of payment of the Notes, modifying Condition 3 by way of any further subordination of the Notes or the imposition or further restriction or limitation on the rights or claims of Noteholders, modifying the provisions of Condition 6 or 8.5 or amending the Deed of Covenant in certain respects), the quorum shall be one or more Person(s) holding or representing not less than two-thirds of the then aggregate Prevailing Principal Amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more Person(s) holding or representing not less than one-third of the then aggregate Prevailing Principal Amount of the Notes for the time being outstanding. An Extraordinary Resolution passed by the Noteholders shall be binding upon all of the Noteholders, whether or not they are present at any meeting and whether or not they vote on the resolution.

The Agency Agreement provides that: (a) a resolution in writing signed on behalf of the holders of not less than 75 *per cent*. of the then Prevailing Principal Amount of the 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 the holders of not less than 75 *per cent*. of the then Prevailing Principal Amount of the 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.

15.2 Modification without Noteholder Consent

As provided in the Agency Agreement, the Fiscal Agent and the Issuer may agree in writing, without the consent of the Noteholders, to any modification (except such modifications in respect of which an increased quorum is required as mentioned in Condition 15.1) of the Agency Agreement, the Deed of Covenant or any of the provisions of these Conditions that is, in the opinion of the Issuer, either: (a) for the purpose of curing any ambiguity or of curing, correcting or supplementing 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, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having terms and conditions the same as those of the Notes, or the same in all respects save for the amount and/or date of the first payment of interest thereon, the date from which interest starts to accrue, transfer restriction provisions before the date of consolidation and the issue date, so that the same shall be consolidated and form a single series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No Person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any Person that exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing Law

The Agency Agreement, the Deed of Covenant and the Notes, and any non-contractual obligations arising out of or in connection with any of them, are and shall be governed by, and construed in accordance with, English law, except for the provisions of Condition 3 (including as referred to in Conditions 6.1 and 11), which are and shall be governed by, and construed in accordance with, Turkish law.

18.2 Submission to Jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders, that the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) have exclusive jurisdiction to settle any disputes that arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and accordingly submits to the exclusive jurisdiction of 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).

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 may take any suit, action or proceedings arising out of or in connection with the Notes (together referred to as "*Proceedings*") (including any Proceeding relating to any non-contractual obligations arising out of or in connection with the Notes) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

18.3 Consent to Enforcement

The Issuer agrees, without prejudice to the enforcement of a judgment obtained in the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) 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, 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 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).

18.4 Service of Process

In connection with any Proceedings in England, service of process may be made upon the Issuer at any of its branches or other offices in England and the Issuer undertakes that in the event that it ceases to have an office in England, it 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.

18.5 Other Documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) and agreed to service of process in terms substantially similar to those set out above in this Condition 18.

PLAN OF DISTRIBUTION

The Bank intends to offer the Notes through the Sole Bookrunner. Subject to the terms and conditions stated in a subscription agreement in respect of the Notes entered into on 16 January 2020 between the Sole Bookrunner and the Bank (the "*Subscription Agreement*"), the Sole Bookrunner has agreed to purchase, and the Bank has agreed to sell to the Sole Bookrunner, all of the Notes at the issue price set forth on the cover of this Offering Memorandum.

The Subscription Agreement provides that the obligation of the Sole Bookrunner to purchase the Notes is subject to the approval of legal matters by counsel and to other conditions. The offering of the Notes by the Sole Bookrunner is subject to receipt and acceptance and subject to the Sole Bookrunner's right to reject any order in whole or in part.

The Bank has been informed that the Sole Bookrunner proposes to resell beneficial interests in the Notes at the issue price set forth on the cover page of this Offering Memorandum only to non-U.S. persons in offshore transactions in reliance upon Regulation S (see "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus). The prices at which beneficial interests in the Notes are offered may be changed at any time without notice.

The Notes have not been registered under the Securities Act or the securities laws of any State or other jurisdiction of the United States and the Notes (and beneficial interests therein) may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act (see "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus). Accordingly, until the expiration of a 40 day period after the later of the commencement of the offering to Persons other than distributors and the Issue Date (the "*Distribution Compliance Period*"), an offer or sale of Notes (or beneficial interests therein) other than in an offshore transaction to, or for the account or benefit of, any Persons who are not U.S. persons might violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with an available exemption from the registration requirements of the Securities Act.

The Sole Bookrunner will agree in the Subscription Agreement that it will send to each dealer to which it sells the Regulation S Registered Global Note (or beneficial interests therein) during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes (or beneficial interests therein) within the United States or to, or for the account or benefit of, U.S. persons substantially to the following effect:

> "The Notes covered hereby have not been registered under the Securities Act of 1933, as amended (the "*Securities Act*"), of the United States of America and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons: (a) as part of their distribution at any time or (b) otherwise until the expiration of a 40 day period after the later of the commencement of the offering to persons other that distributors and the Issue Date, except, in either case, in an offshore transaction. Terms used above have the meanings given to them by Regulation S under the Securities Act."

While application has been made by the Bank to Euronext Dublin for the Notes to be admitted to trading on GEM, the Notes constitute a new class of securities with a limited trading market. The Bank cannot provide any assurances to investors that the prices at which the Notes (or beneficial interests therein) will sell in the market will not be lower than the initial offering price or that an active trading market for the Notes will develop. The Sole Bookrunner has advised the Bank that it currently intends to make a market in the Notes; *however*, it is not obligated to do so, and it may discontinue any market-making activities with respect to the Notes at any time without notice. No assurance can be given that the application to Euronext Dublin to admit the Notes to listing on the Official List and trading on GEM will be accepted.

In connection with the offering, the Sole Bookrunner might purchase and sell Notes (or beneficial interests therein) in the secondary market. These transactions might include overallotment, syndicate covering transactions and stabilising transactions. Overallotment involves the sale of Notes (or beneficial interests therein) in excess of the principal amount of Notes to be purchased by the Sole Bookrunner in their initial offering, which creates a short position for the Sole Bookrunner. 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. Stabilising 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 market price of an investment in the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Sole Bookrunner might conduct these transactions in the over-the-counter market or otherwise. If the Sole Bookrunner commences any of these transactions, then it might discontinue them at any time.

The Bank expects that delivery of interests in the Notes will be made against payment therefor on the Issue Date.

The Sole Bookrunner and its 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 Sole Bookrunner or its affiliates might have performed investment banking and advisory services for the Bank and its affiliates from time to time for which they might have received fees, expenses, reimbursements and/or other compensation. The Sole Bookrunner or its affiliates might, from time to time, engage in transactions with and perform advisory and other services for the Bank and its affiliates in the ordinary course of their business. The Sole Bookrunner and/or its affiliates have acted and expect in the future to act as a lender to the Bank and/or other members of the Group and/or otherwise participate in transactions with the Group.

In the ordinary course of their various business activities, the Sole Bookrunner and its 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 investment and securities activities might involve securities and instruments of the Bank and/or other members of the Group. In addition, the Sole Bookrunner and/or its affiliates hedge their credit exposure to the Bank and/or other members of the Group pursuant to their customary risk management policies. These hedging activities might have an adverse effect on the future trading prices of an investment in the Notes.

The Sole Bookrunner and its 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 or instruments.

The Bank will agree in the Subscription Agreement, in connection with the issue and offering of the Notes, to indemnify the Sole Bookrunner against certain liabilities, or to contribute to payments that the Sole Bookrunner is required to make because of those liabilities.

OTHER GENERAL INFORMATION

Authorisation

The most recent update of the Programme and the further issue of notes thereunder have been duly authorised by resolutions of the Board of Directors of the Issuer dated 26 December 2018 and the issuance of the Notes has been specifically authorised by resolutions of the Board of Directors of the Issuer dated 9 October 2019.

Legal Entity Identifier (LEI)

The Legal Entity Identifier (LEI) of the Issuer is 789000FIRX9MDN0KTM91.

Listing of Notes

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on GEM; *however*, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to the Official List and trading on GEM will be granted on or before the Issue Date, subject only to the issue of the Notes.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Bank in connection with the Notes and is not itself seeking admission of the Notes to the Official List or trading on GEM.

Documents Available

For as long as any of the Notes is listed on the Official List and admitted to trading on GEM, the following documents (or copies thereof) may (as applicable, when published) be inspected at the registered office of the Issuer and the specified office of the Fiscal Agent for the time being in London:

(a) the articles of association (with a certified English translation thereof) of the Issuer,

(b) the BRSA Financial Statements,

(c) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements of the Issuer, in each case in English and with any audit or review reports prepared in connection therewith; the Issuer currently prepares audited consolidated and unconsolidated financial statements in accordance with BRSA Accounting and Reporting Principles on an annual basis and unaudited consolidated and unconsolidated interim financial statements in accordance with BRSA Accounting and Reporting Principles on a quarterly basis,

(d) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes and the Notes in definitive form, and

(e) a copy of this Offering Memorandum, the Original Base Prospectus, the First Supplement and the Second Supplement.

With respect to the BRSA Financial Statements, please see "*Independent Auditors*" below.

A copy of this Offering Memorandum will be available in electronic format on the Issuer's website (as of the date hereof, at: https://www.isbank.com.tr/en/about-us/prospectuses-and-offering-circulars. With respect to copies of each document (or portions thereof) incorporated by reference herein, see "*Documents Incorporated by Reference*" above. Such website does not, and should not be deemed to, form a part of, nor is it incorporated into, this Offering Memorandum.

Clearing Systems

The Regulation S Registered Global Note has been accepted for clearance through Euroclear and Clearstream, Luxembourg (ISIN: XS2106022754, Common Code: 210602275, CFI Code: DTFNFB and FISN Code: TURKIYE IS BANK/1EMTN 20250120).

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.

Interest Payments

The scheduled payments of interest in respect of each Note will be made only to the Person in whose name such Note was registered in the Register at the close of business on the applicable Record Date.

No Material Adverse Change or Significant Change

Other than to the extent described in this Offering Memorandum, there has been: (a) no material adverse change in the prospects of the Issuer since 31 December 2018 and (b) no significant change in the financial or trading position of the Group since 30 September 2019.

Interests of Natural and Legal Persons Involved in the Issue

Except with respect to the fees to be paid to the Sole Bookrunner, 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, material to the issue of the Notes.

Governmental, Legal and Arbitration Proceedings

Neither the Bank nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Bank is aware) in the 12 months preceding the date of this Offering Memorandum that may have, or have had in the recent past, significant effects on the Bank's and/or the Group's financial position or profitability.

Independent Auditors

The BRSA Annual Financial Statements as of and for the year ended 31 December 2016 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (formerly Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.) (the Turkish member firm of KPMG International Cooperative, a Swiss entity) ("*KPMG*") and the BRSA Annual Financial Statements as of and for the years ended 31 December 2017 and 2018 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, a member firm of Ernst & Young Global Limited ("*EY*"), in each case in accordance with the Regulation on Independent Audit of Banks published by the BRSA and the Independent Standards on Auditing, which is a component of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority, as stated in each of KPMG and EY's respective independent auditors' reports incorporated by reference herein.

The BRSA Interim Financial Statements were reviewed by EY and EY's review report included within the BRSA Interim Financial Statements notes that: (a) a review of interim financial information: (i) consists of making inquiries primarily of persons responsible for financial reporting process, and applying analytical and other review procedures and (ii) is substantially less in scope than an independent audit performed in accordance with independent auditing standards and (b) it does not express an opinion. Accordingly, the degree of reliance upon their reports on such information should be restricted in light of the limited nature of the review procedures applied.

Each of KPMG and EY is an independent auditor in Turkey and is authorised by the BRSA to conduct independent audits of banks in Turkey. KPMG is located at İş Kuleleri, Kule 3, Kat:2-9, 34330, Levent, İstanbul, Turkey. EY is located at Maslak Mahallesi Eski Büyükdere Cad. Orjin Plaza No:27, Kat: 2-3-4 Daire: 54-57-59 34485 Sarıyer-İstanbul, Turkey.

Each of the audit reports of KPMG and EY and review reports of EY included in the BRSA Financial Statements contains a qualification (see "*Risk Factors – Risks Relating to the Group and its Business – Other Group-Related Risks – Audit Qualification*" for further information).

According to Turkish laws, the Bank is required to rotate its external auditors every seven years. KPMG was appointed as the Bank's external auditors as of 17 December 2009 for three years starting with fiscal year 2010, as of 29 March 2013 KPMG was appointed for three additional years (*i.e.*, for the financial years of 2013, 2014 and 2015), and as of 28 March 2016 KPMG was appointed for one further year. On 18 October 2016, the Bank's Board of Directors resolved to submit the appointment of EY as the Bank's external auditors for a period of three years (including the years 2017, 2018 and 2019) for the approval of the General Assembly. In the General Assembly meeting held on 29 March 2019, the Bank's shareholders approved the appointment of EY for 2019.

Material Contracts

The Bank has not entered into any material contract outside the ordinary course of its business that could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to investors in respect of the Notes.

THE ISSUER

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