IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) UNDER RULE 144A OR (2) PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S) OUTSIDE OF THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the Prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Bank as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S ("**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 AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view this Prospectus, investors must be either (1) Qualified Institutional Buyers ("**QIBs**") (within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act) or (2) persons other than U.S. persons (as defined in Regulation S) outside of the U.S. This Prospectus is being sent at your request and by accepting the e-mail and accessing this Prospectus, you shall be deemed to have represented to the Bank that (1) you and any customers you represent are either (a) QIBs or (b) outside of the U.S. and that the electronic mail address that you gave the Bank and to which this e-mail has been delivered is not located in the U.S. and (2) that you consent to delivery of such Prospectus by electronic transmission.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of this Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the issuer in such jurisdiction.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of BNP Paribas, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, MUFG Securities EMEA plc and UniCredit Bank AG (the "**Joint Bookrunners**"), or any person who controls any of them, nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from any of the Joint Bookrunners.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

This Prospectus is being distributed only to and directed only at (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (iii) those persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as "**relevant persons**"). This Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Yapı ve Kredi Bankası A.Ş.

a Turkish banking institution organised as a joint stock company

U.S.$500,000,000 Fixed Rate Resettable Tier 2 Notes due 2031

Under its U.S.$11,000,000,000

Global Medium Term Note Programme

Issue Price: 100% payable in full in U.S. dollars on the Issue Date

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Yapı ve Kredi Bankası A.Ş., a Turkish banking institution organised as a joint stock company (the "**Bank**" or the "**Issuer**"), is issuing U.S$ 500,000,000 Fixed Rate Resettable Tier 2 Notes due 2031 (the "**Notes**") under its U.S.$11,000,000,000 Global Medium Term Note Programme. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities or "blue sky" laws of any state of the United States of America ("**United States**" or "**U.S.**"), the Republic of Turkey ("**Turkey**"), the United Kingdom or any other jurisdiction, and are being offered: (a) for sale (the "**U.S. Offering**") in the United States to qualified institutional buyers (each a "**QIB**") as defined in, and in reliance upon, Rule 144A ("**Rule 144A**") under the Securities Act and (b) for sale (the "**International Offering**" and, with the U.S. Offering, the "**Offering**") outside the United States to persons other than U.S. persons in reliance upon Regulation S ("**Regulation S**") under the Securities Act. For a description of certain restrictions on sale and transfer of the Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus (as defined under "*Documents Incorporated by Reference"*).

INVESTING IN THE NOTES INVOLVES RISKS. PROSPECTIVE INVESTORS SHOULD CONSIDER THE FACTORS SET FORTH UNDER "*RISK FACTORS*" BEGINNING ON PAGE 1 OF THIS PROSPECTUS AND INCORPORATED BY REFERENCE FROM THE BASE PROSPECTUS (SEE "*DOCUMENTS INCORPORATED BY REFERENCE*" BELOW).

As described further under "*Use of Proceeds*" in the Base Prospectus which is incorporated herein by reference (see "*Documents Incorporated by Reference"*), the Issuer intends to use the net proceeds of the Notes for the Issuer's general corporate purposes, including redemption of the Issuer's outstanding U.S.$500 million fixed rate resettable Tier 2 notes due 2026.

The Notes will bear interest from (and including) 22 January 2021 (the "**Issue Date**") to (but excluding) 22 January 2026 (the "**Issuer Call Date**") at a fixed rate of 7.875% per annum. From (and including) the Issuer Call Date to (but excluding) 22 January 2031 (the "**Maturity Date**") the Notes will bear interest at a fixed rate of 7.415 % per annum above the CMT Rate (as defined in the Conditions). Interest will be payable semi-annually in arrear on 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 Day (as defined in Condition 7.4), then such payment will be made on the next Payment Day.

Subject to having obtained the prior approval of the Banking Regulatory and Supervisory Authority (the "**BRSA**") (if required by applicable law) and as further provided in Condition 8, the Issuer may redeem all, but not some only, of the Notes outstanding (i) on the Issuer Call Date or (ii) at any time upon the occurrence of a Tax Event or a Capital Disqualification Event, in each case, at their then Prevailing Principal Amount (as defined in Condition 5.5) together with interest accrued to (but excluding) the date of redemption.

The then Prevailing Principal Amount of the outstanding Notes is otherwise scheduled to be paid on the Maturity Date. For a more detailed description of the Notes, see "*Terms and Conditions of the Notes*" herein.

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 may lose some or all of its investment in the Notes. See "*Risk Factors*" herein and Condition 6.

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 Banking Regulations and the approval of the BRSA, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes accordingly (without any requirement for the consent or approval of the Noteholders), provided that they remain or, as appropriate, so that they become, Qualifying Tier 2 Securities (as defined in Condition 8.5). See "*Risk Factors - Risks Related to the Structure of the Notes - Substitution and variation of the Notes without Holder consent*" and Condition 8.5.

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

Application has been made to the Capital Markets Board of Turkey (the "**CMB**") in its capacity as competent authority under Law No.6362 (the "**Capital Markets Law**") of the Republic of Turkey ("**Turkey**") relating to capital markets, for the issuance and sale of the Notes by the Bank outside of Turkey. The Notes cannot be sold outside Turkey before the necessary approvals and an approved issuance certificate in respect of the Notes are obtained from the CMB. The CMB approval relating to the issuance of the Notes based upon which the offering of the Notes will be conducted was obtained on 19 March 2020 by the CMB letter dated 20 March 2020 and the tranche issuance certificate relating to the Notes is expected to be obtained from the CMB on or before the Issue Date.

The Notes are expected on issue to be rated B- by Fitch Ratings Limited ("**Fitch**") and Caa2 by Moody's Deutschland GmbH ("**Moody's**" and together with Fitch, the "**Rating Agencies**"). As of the date of this Prospectus, Moody's is established in the EU and is registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Fitch is established in the United Kingdom and is registered under the CRA Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"). The ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation. Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. As such Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

MIFID II product governance / Professional investors and ECPs 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: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (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 (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and ECPs 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: (i) the target market for the Notes is only eligible counterparties, as defined in the Financial Conduct Authority ("**FCA**") Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

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 (as defined in Condition 9) imposed or levied by or on behalf of a Relevant Jurisdiction (as defined in Condition 9) other than Taxes withheld relating to FATCA (as defined in Condition 7.1), unless the withholding or deduction of the Taxes is required by law. In that event, except as provided for in Condition 9, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders (as defined below) after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction. The withholding tax rate on interest payments in respect of bonds issued by Turkish entities outside of Turkey varies depending on the original maturity of such bonds as specified under decrees numbered 2010/1182 published on 20 December 2010 and numbered 2011/1854 published on 29 June 2011, and Presidential Decree No. 842 published on 21 March 2019 (the "**Tax Decrees**"). Pursuant to the Tax Decrees, (i) with respect to bonds with a maturity of less than one year, the withholding tax rate on interest is 7%, (ii) with respect to bonds with a maturity at least of one and less than three years, the withholding tax rate on interest is 3%, and (iii) with respect to bonds with a maturity of three years and more, the withholding tax rate on interest is 0%. Accordingly, the withholding tax rate on interest on the Notes is 0%. See "*Taxation—Certain Turkish Tax Considerations*" in the Base Prospectus.

The Notes are being offered under Rule 144A and under Regulation S by BNP Paribas, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, MUFG Securities EMEA plc and UniCredit Bank AG (collectively, the "**Joint Bookrunners**"), subject to their acceptance and right to reject orders in whole or in part. The Notes will initially be represented by global certificates in registered form (the "**Global Certificates**"). The Notes offered and sold in the United States to QIBs in reliance on Rule 144A (the "**Rule 144A Notes**") will be represented by beneficial interests in one or more permanent global certificates in fully registered form without interest coupons (the "**Restricted Global Certificate**") and will be registered in the name of Cede & Co., as nominee for The Depositary Trust Company ("**DTC**") and will be deposited on or about the Issue Date (as defined below) with The Bank of New York Mellon, New York Branch in its capacity as custodian (the "**Custodian**") for DTC. The Notes offered and sold outside the United States to persons other than U.S. persons in reliance on Regulation S (the "**Regulation S Notes**") will be represented by beneficial interests in a single, permanent global certificate in fully registered form without interest coupons, the "**Unrestricted Global Certificate**") and will be registered in the name of The Bank of New York Depository (Nominees) Limited as nominee, and will be deposited on or about the Issue Date with The Bank of New York Mellon, London Branch as common depositary for, and in respect of interests held through, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). It is expected that the Global Certificates will be delivered against payment therefor in immediately available funds on the Issue Date.

Joint Bookrunners

BNP PARIBAS	**BofA Securities**
HSBC	**J.P. Morgan**
MUFG	**UniCredit Bank**

The date of this Prospectus is 20 January 2021.

This prospectus (the "Prospectus") constitutes a prospectus for the purposes of Article 6.3 of the Prospectus Regulation and for the purpose of giving necessary information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is material to an investor to making an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, the rights attaching to the Notes, and the reasons for the issuance and its impact on the Issuer. This Prospectus is to be read in conjunction with all documents (or parts thereof) which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that such documents (or parts thereof) are incorporated by reference in, and form part of, this Prospectus. Where there is any inconsistency between the Base Prospectus (as defined in "*Documents Incorporated by Reference*" below) relating to the Bank's Global Medium Term Note Programme (the "Programme") and this Prospectus, the language used in this Prospectus shall prevail.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains all information which is material with respect to the Issuer and the Notes, that the information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions, predictions and intentions expressed in this Prospectus are honestly held and are not misleading in any material respects and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions, predictions or intentions misleading in any material respect and all reasonable enquiries have been made by the Bank to ascertain such facts and to verify the accuracy of all such information and statements.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Bookrunners to subscribe for or purchase, any Notes. The distribution of this Prospectus and the offer or sale of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus may come are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

No person has been authorised in connection with the offering of the Notes to give any information or make any representation regarding the Issuer, the Joint Bookrunners or the Notes other than as contained in this Prospectus. Any such representation or information must not be relied upon as having been authorised by the Issuer or the Joint Bookrunners. The delivery of this Prospectus at any time does not imply that there has been no change in the Issuer's affairs or that the information contained in it is correct as at any time subsequent to its date. This Prospectus may only be used for the purpose for which it has been published.

No representation or warranty, express or implied, is made by the Joint Bookrunners as to the accuracy or completeness of the information set forth in this document, and nothing contained in this document is, or shall be relied upon as, a promise or representation, whether as to the past or the future. None of the Joint Bookrunners assumes any responsibility for the accuracy or completeness of the information set forth in this document or any responsibility for any acts or omissions of the Issuer or any other person in connection with the issue and offering of the Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment.

None of the Issuer or the Joint Bookrunners or any of their respective representatives is making any representation to any offeree or purchaser of the Notes regarding the legality of any investment by such offeree or purchaser under appropriate legal investment or similar laws. Each investor should consult with his own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Notes.

In this Prospectus, the "**Group**" refers to the Bank and its consolidated subsidiaries, unless the context otherwise requires.

Unless otherwise indicated, "**Noteholder**" refers to the registered holder of any Note. "**Beneficial Owner**" refers to an owner of a beneficial interest in any Note.

Unless otherwise indicated, references to "**resident**" herein refer to tax residents of Turkey and references to "**non-resident**" herein refer to persons who are not tax residents of Turkey.

The Notes have not been and will not be registered under the Securities Act or under the securities or "blue sky" laws of any state of the United States or any other U.S. jurisdiction. Each investor, by purchasing a Note (or a beneficial interest therein), agrees that the Notes (or beneficial interests therein) may be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions therefrom described under "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus. Each investor also will be deemed to have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer that is not made in accordance with the transfer restrictions may subject the transferor and transferee to certain liabilities under applicable securities laws.

Prospective investors must determine the suitability of investment in the Notes in the light of their own circumstances. In particular, prospective investors should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits and risks of investing in the Notes;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on the investor's overall investment portfolio;

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

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect the investor's investment and ability to bear the applicable risks.

The issuance of the Notes was approved by the CMB on 19 March 2020 in its letter dated 20 March 2020 and numbered 29833736-105.02.02-E.3421 (the "**CMB Approval**") and by the BRSA in its letter dated 8 January 2021 and numbered No: E-20008792-101.01.04[50]-623 (the "**BRSA Tier 2 Approval**" and, together with the CMB Approval, the "**Approvals**"). In such letter, the BRSA also approved the use of proceeds from the offering of the Notes to redeem the Issuer's outstanding U.S.$500 million fixed rate resettable Tier 2 notes due 2026. In addition, the required tranche issuance certificate (*tertip ihraç belgesi*) relating to the Notes is expected to be obtained from the CMB on or prior to the Issue Date.

Pursuant to the Approvals, the offering of the Notes has been authorised by the CMB only for the purpose of the sale of the Notes outside of Turkey in accordance with Article 15(b) of Decree 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, "**Decree 32**"), the Capital Markets Law No. 6362 and Communiqué Serial VII, No 128.8 on Debt Instruments (the "Communiqué on Debt Instruments").

The BRSA Tier 2 Approval authorised the treatment of the Notes as Tier 2 capital of the Issuer for so long as the Notes comply with the requirements of the Regulation on Equity as published in the Official Gazette dated 5 September 2013 (No. 28756) (the "**Equity Regulation**"). The BRSA Tier 2 Approval is conditional on the compliance of the Notes with the requirements of the Equity Regulation. For a description of the regulatory requirements in relation to Tier 2 capital, see "*Turkish Regulatory Environment – Capital Adequacy*" in the Base Prospectus.

In addition, the Notes (or beneficial interests therein) may only be offered or sold outside of Turkey in accordance with the Approvals. Under the CMB Approval, the CMB has authorised the offering, sale and issue

of any Notes on the condition that no sale or offering of Notes (or beneficial interests therein) may be made by way of public offering or private placement in Turkey. Pursuant to Article 15(d)(ii) of Decree 32, there is no restriction on the purchase or sale of the Notes (or beneficial interests therein) by residents of Turkey offshore on an unsolicited (reverse inquiry) basis in both the primary and secondary markets; *provided that* such purchase or sale is made through licensed banks and/or licensed brokerage institutions authorised pursuant to the BRSA and/or CMB regulations and the purchase price is transferred through licensed banks authorised under to BRSA regulations. Monies paid for purchases of the Notes are not protected by the insurance coverage provided by the Savings Deposit Insurance Fund of Turkey (the "**SDIF**").

Pursuant to the Communiqué on Debt Instruments, the Issuer is required to notify the Central Registry Agency (*Merkezi Kayıt Kuruluşu*) (the "**CRA**") within three Turkish business days from the Issue Date of the amount, issue date, ISIN, first payment date, maturity date, interest rate, name of the custodian, currency of the Notes and the country of issuance. Except as described in this Prospectus, beneficial interests in the Global Certificates will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC, Euroclear and Clearstream, Luxembourg. Except as described in this Prospectus, owners of beneficial interests in the Global Certificates will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered holders of the Notes under the Notes and the Agency Agreement (as defined below).

An application has been made to admit the Notes to listing on Euronext Dublin; however, no assurance can be given that such application will be accepted.

This Prospectus has been filed with and approved by the Central Bank of Ireland as required by the Prospectus Regulation.

IMPORTANT – EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a 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, 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 the PRIIPs Regulation for offering or selling the Notes (or beneficial interests therein) or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investors in the EEA might be unlawful under the PRIIPs Regulation.

IMPORTANT - UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II product governance / Professional investors and eligible counterparties 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: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (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 (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MIFIR product governance / Professional investors and eligible counterparties 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: (i) the target market for the Notes is only eligible counterparties, as defined in COBS, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

All references herein to "**Turkey**" are to the Republic of Turkey, all references to "**Ireland**" are to Ireland (exclusive of Northern Ireland) and all references to a "**Relevant State**" are to a member state of the EEA and/or the UK.

In connection with the issue of Notes to be underwritten by the Joint Bookrunners, Merrill Lynch International (the "Stabilisation Manager") (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may 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 issue of 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 over-allotment 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 Bank may not (whether through over-allotment or otherwise) issue more Notes than have been approved by the CMB.

Other than the Approvals, the Notes have not been approved or disapproved by any state securities commission or any other U.S., Turkish, United Kingdom, Irish or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary may be a criminal offence.

The distribution of this Prospectus and the offering of the Notes (and beneficial interests therein) in certain jurisdictions may be restricted by law. Persons that come into possession of this Prospectus are required by the Bank and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes (or any beneficial interest therein) in any jurisdiction in which such offer or solicitation is unlawful. In particular, there are restrictions on the distribution of this Prospectus and the offer and sale of the Notes (and beneficial interests therein) in the United States, Turkey, the United Kingdom, Ireland and other jurisdictions.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect its import.

The Issuer has derived substantially all of the information contained in this Prospectus concerning the Turkish market and its competitors, which may include estimates or approximations, from publicly available information, including press releases and filings made under various securities laws. Unless otherwise indicated, all data relating to the Turkish banking sector in this Prospectus has been obtained from the website of the BRSA at www.bddk.org.tr and the Banks' Association of Turkey's website at www.tbb.org.tr and all data relating to the Turkish economy, including statistical data, has been obtained from TurkStat's website at www.turkstat.gov.tr, the Central Bank of Turkey (the "**Central Bank**") website at www.tcmb.gov.tr and the Turkish Treasury's website at www.hazine.gov.tr. Data has been downloaded/observed on various days between the months of January 2020 and November 2020 and may be the result of calculations made by the Issuer and therefore may not appear in the exact same form on such websites or elsewhere. Such websites do not form a part of, and are not incorporated into, this Prospectus. Unless otherwise indicated, the sources for statements and data concerning the Issuer and its business are based on best estimates and assumptions of the Issuer's management. Management believes that these assumptions are reasonable and that its estimates have been

prepared with due care. The data concerning the Issuer included herein, whether based on external sources or based on the Issuer's management internal research, constitute the best current estimates of the information described.

Any translation of information from Turkish into English for the purpose of inclusion in this Prospectus is direct and accurate.

Where third party information has been used in this Prospectus, the source of such information has been identified. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Such data, while believed to be reliable and accurately extracted by the Issuer for the purposes of this Prospectus, has not been independently verified by the Issuer or any other party and you should not place undue reliance on such data included in this Prospectus. As far as the Issuer is aware and able to ascertain from the information published by such third party sources, this information has been accurately reproduced and no facts have been omitted which would render the reproduction of this information inaccurate or misleading.

TURKISH TAX CONSIDERATIONS

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 (as defined in Condition 9) other than Taxes withheld relating to FATCA (as defined in Condition 7.1) imposed or levied by or on behalf of any Relevant Jurisdiction (as defined in Condition 9), unless the withholding or deduction of the Taxes is required by law. In that event, except as provided for in Condition 9, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction. The withholding tax rate on interest payments in respect of bonds issued by Turkish entities outside of Turkey varies depending on the original maturity of such bonds as specified under the Tax Decrees. Pursuant to the Tax Decrees, (i) with respect to bonds with a maturity of less than one year, the withholding tax rate on interest is 7%, (ii) with respect to bonds with a maturity at least of one and less than three years, the withholding tax rate on interest is 3%, and (iii) with respect to bonds with a maturity of three years and more, the withholding tax rate on interest is 0%.

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RISK FACTORS

*An investment in the Notes involves certain risks. Prior to making an investment decision, prospective purchasers of the Notes should carefully read the entire Prospectus and the documents (or parts thereof) that are incorporated herein by reference, and in particular should consider all the risks inherent in making such an investment, including the information under the heading "Risk Factors" on pages 1 to 36 (inclusive) of the Base Prospectus (the "***Programme Risk Factors***"), before making a decision to invest. In addition to the other information in this Prospectus a number of factors that are material for the purpose of assessing the market risks associated with the Notes are also described in the Programme Risk Factors. Prospective investors should also read the detailed information set out elsewhere in (or incorporated by reference into) this Prospectus and reach their own views prior to making any investment decision. If any of the risks set out in the Programme Risk Factors or herein actually occur, the market value of the Notes may be adversely affected. The Bank believes that the factors described in the Programme Risk Factors and below represent the principal risks inherent in investing in the Notes, but the Bank does not represent that such statements regarding the risks of holding any Notes are exhaustive.*

The Programme Risk Factors are incorporated by reference into this Prospectus. For the purpose of the Notes only, investors should read the following "*Risks Relating to the Structure of a Particular Issue of Notes*" (with references to Conditions in the following being references to the Conditions of the Notes as forth in "*Terms and Conditions of the Notes*" herein) in addition to the Programme Risk Factors:

Risks Related to the Structure of the Notes

The Notes are complex instruments that may not be suitable for all investors

The Notes may not be suitable for all investors. Prospective investors must determine the suitability of investment in the Notes in the light of their own circumstances. In particular, prospective investors should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits and risks of investing in the Notes;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on the investor's overall investment portfolio;

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

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect the investor's investment and ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with its financial and other professional advisers) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

The Notes will constitute unsecured and subordinated obligations of the Issuer. 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 Subordinated Notes until all such Senior Obligations have been paid in full. Unless the Issuer has assets remaining after making all such payments, no payments will be made on the Notes. Consequently, although the Notes may pay a higher rate of interest than comparable notes which are not

subordinated, there is a real risk that an investor in the Notes will lose all or some of its investment on the occurrence of a Subordination Event.

Potential Permanent Write-Down – The Prevailing Principal Amount outstanding of the Notes will be permanently Written-Down by the amount determined by the BRSA upon the occurrence of a Non-Viability Event with respect to the Issuer

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

(a) *pro rata* with the other Notes and any other Parity Loss Absorbing Instruments; and

(b) in conjunction with, and such that no Write-Down shall take place without there also being, the maximum possible reduction in the principal amount and/or corresponding conversion into equity being made in respect of, or other absorption to the maximum extent possible under the laws of Turkey of the relevant loss(es) by, all Junior Obligations (including Common Equity Tier 1 Capital (*Çekirdek Sermaye*)) to the maximum extent allowed by law of the relevant loss(es) giving rise to the Non-Viability of the Issuer within the framework of the procedures and other measures by which the relevant loss(es) of the Issuer giving rise to the Non-Viability Event may be absorbed by such Junior Obligations pursuant to Article 71 of Banking Law (No. 5411) and/or otherwise under Turkish law and regulations,

reduce the then Prevailing Principal Amount of each Note by the relevant Write-Down Amount. For these purposes, any determination of a Write-Down Amount will take into account the absorption of the relevant loss(es) to the maximum extent possible by all Junior Obligations and the Writing Down of the Notes pro rata with any other Parity Loss-Absorbing Instruments, thereby maintaining the respective rankings of the Issuer's obligations as described in Condition 3.1.

A Non-Viability Event is defined in Condition 6.2 as the determination by the BRSA that, upon the incurrence of a loss by the Issuer (on a consolidated or non-consolidated basis), the Issuer has become, or it is probable that the Issuer will become, Non-Viable. The Issuer is Non-Viable at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that (i) its operating licence is to be revoked and the Issuer liquidated or (ii) the rights of all of its shareholders, 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.

Prior to any such determination of Non-Viability by the BRSA, there are a number of measures that may be taken by the BRSA under Articles 68 to 70 of the Banking Law as a form of early intervention including corrective, rehabilitative and restrictive measures. In addition to the measures referred to in those Articles, the BRSA may also request other measures. These may include the BRSA calling for an increase in the bank's own funds, which the BRSA may look for the bank to achieve through, among other things, the issue of further shares (whether to existing or new shareholders). The scope and manner of implementation of the measures described above that may be taken pursuant to Articles 68 to 70 of the Banking Law (No. 5411) will be decided solely by the Board of the BRSA. The transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF under Article 71 of the Banking Law (No. 5411) on the condition that losses are deducted from the capital of existing shareholders will also take place only upon the decision of the Board of the BRSA.

It is only (A) where such measures are not taken, or are taken but the bank's capital structure is not strengthened or the BRSA considers that the bank's capital structure cannot be strengthened, or (B) where the continuation of the bank is considered as endangering the position for deposit holders and the security and stability of the financial system, or (C) upon the default or insolvency of the bank or fraud of its management, that the BRSA is then authorised under Article 71 of the Banking Law (No. 5411) to make the relevant determination that the bank's operating licence is to be revoked and the bank liquidated or its shareholders rights and management and supervision are to be transferred to the SDIF.

In conjunction with any determination by the BRSA of the Issuer's Non-Viability, losses may be absorbed by shareholders of the Issuer pursuant to Article 71 of the Banking Law (No. 5411) upon: (a) the transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF, on the

condition that such loss(es) are deducted from the capital of the shareholders or (b) the revocation of the Issuer's operating licence and its liquidation. However, the Write-Down of the Notes under the Equity Regulation may take place before any such transfer or liquidation.

Pursuant to the provision in the first paragraph of Condition 6.1, while the Notes may be Written-Down before any transfer or liquidation as described in the preceding paragraph, it is essential that the Write-Down takes place in conjunction with such transfer to the SDIF or revocation of the Issuer's operating licence and the possibility of its liquidation pursuant to Article 71 of the Banking 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 does take place before the liquidation of the Issuer, Noteholders would only be able to claim and prove in respect of the Prevailing Principal Amount of the outstanding Notes following the Write-Down. To the extent the Notes are Written-Down in full, Noteholders will have no further claim against the Issuer.

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

Should such loss absorption not take place or 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 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 the 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*" on page 36 of the Base Prospectus. Therefore, there can 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 amount of the Notes the subject of any Write-Down. 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. Therefore, the occurrence of any such event or any suggestion of such occurrence could materially adversely affect the rights of Noteholders, the market price of investments in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. See Condition 6 for further information on any such potential Write-Downs of the Notes.

Substitution and variation of the Notes without Holder consent

Subject to Condition 8.9, if a Tax Event or a Capital Disqualification Event occurs, the Issuer may, instead of redeeming the Notes, at any time either substitute the Notes or vary their terms accordingly, provided that they remain or, as appropriate, so that they become, Qualifying Tier 2 Securities. Qualifying Tier 2 Securities are, among other things, notes that have terms not materially less favourable to a Noteholder, as reasonably determined by the Issuer following the advice of an independent financial institution of international standing, than the terms of the Notes as specified in Condition 8.5.

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

Early Redemption – The Notes may be subject to early redemption at the option of the Issuer

The Issuer will have the right to redeem the outstanding Notes at their then Prevailing Principal Amount on the Issuer Call Date, together with interest accrued to (but excluding) the Issuer Call Date, subject to having obtained the prior approval of the BRSA in accordance with Condition 8.3 of the Notes. Any such redemption is subject to the conditions under Article 8(2)(d) of the Equity Regulation that (i) 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 (ii) the Issuer continues to satisfy its applicable capital requirements following the exercise of the redemption option. This optional redemption feature is likely to limit the market value of the Notes during the period in which the Issuer may elect so to redeem them, as the market value during this period generally will not rise substantially above the price at which they can be redeemed. This may similarly be true prior to such period.

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. Potential investors should consider reinvestment risk in light of other investments available at that time.

No Limits on Senior 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 is 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 may reduce the amount recoverable by the Noteholders on any dissolution, winding up or liquidation of the Issuer and may result in an investor in the Notes losing all or some of its investment.

Limited Remedies – Investors will have limited remedies under the Notes

A holder of a Note will only be able to accelerate payment of the Prevailing Principal Amount of that Note, together with interest accrued and unpaid to the date of repayment, on the occurrence of a Subordination Event or otherwise on the winding-up, dissolution or liquidation of the Issuer as described in Condition 11 and then claim or prove in the winding-up, dissolution or liquidation. Noteholders may institute proceedings against the Issuer as described in Condition 11 to enforce any obligation, condition, undertaking or provision binding on 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 on any default in a payment on the Notes will be to institute proceedings for the Issuer's winding-up, dissolution or liquidation as described in Condition 11 and to prove in the winding-up, dissolution or liquidation.

No other remedy will be available to Noteholders against the Issuer, whether for the recovery of amounts owing in respect of the Notes 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.

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

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 Rate of Interest will be reset to the Reset Interest Rate, all as more fully described in Condition 5. The Reset Interest Rate could be less than the Initial Interest Rate and thus could affect the market price of an investment in the Notes.

Redemption upon a Capital Disqualification Event – The Issuer will have the right to redeem the Notes upon the occurrence of a Capital Disqualification Event

The Issuer will have the right to redeem the outstanding Notes at their then Prevailing Principal Amount and accrued interest upon the occurrence of a Capital Disqualification Event. Upon such redemption, the investors in the Notes might not be able to reinvest the amounts received at a rate that will provide the same rate of return as their investment in the Notes.

This optional redemption feature is also likely to limit the market value of the Notes during any period in which the Issuer may elect or is perceived to be able to elect to redeem them, as the market value during this period generally will not rise substantially above the price at which they can be redeemed. This may similarly be true prior to any such period.

There can be no assurance that Noteholders will be able to reinvest the amount received upon any such redemption and at a rate that will provide the same rate of return as their investment in the Notes.

Redemption for Taxation Reasons – The Issuer will have the right to redeem the Notes upon the occurrence of certain changes requiring it to pay increased withholding taxes with respect to interest or other payments on the Notes or which result in it no longer being entitled to claim a deduction in calculating its tax liability in respect of the payment of interest or the value of such deduction being 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 2009/14592 dated 12 January 2009, which has been amended by Decree No. 2010/1182 dated 20 December 2010 and Decree No. 2011/1854 dated 26 April 2011, and and Presidential Decree No. 842 dated 20 March 2019 (together, the "**Tax Decrees**"). Pursuant to the Tax Decrees, with respect to bonds with a maturity of three years or more, the withholding tax rate on interest is 0 per cent. Accordingly, the initial withholding tax rate on interest on the Notes will be 0 per cent. The Issuer is also entitled to claim a deduction in calculating its tax liability under Turkish tax law in respect of payments of interest on the Notes.

The Issuer will have the right to redeem all, but not some only, of the Notes, subject to having obtained the prior approval of the BRSA (see "*– Early Redemption – The Notes may be subject to early redemption at the option of the Issuer*" above for a description of the conditions for any such approval of the BRSA), at any time at their then Prevailing Principal Amount together with interest accrued to (but excluding) the date of redemption if, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 9.1) or any change or clarification in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change, clarification or amendment becomes effective after 20 January 2021, on the next Interest Payment Date, the Issuer would:

(a) be required to (i) pay additional amounts as provided or referred to in Condition 9 and (ii) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, where such requirement cannot be avoided by the Issuer taking reasonable measures available to it; or

(b) 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 20 January 2021, is reduced.

Upon notice of such a redemption being given, investors in the Notes might not be able to reinvest the amounts received at a rate that will provide an equivalent rate of return as their investment in the Notes.

This redemption feature is also likely to limit the market value of the Notes at any time when the Issuer has the right to redeem them as provided above, as the market price at such time will generally not rise substantially above the price at which they can be redeemed. This may similarly be true in any prior period when any relevant change in law or regulation is yet to become effective.

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. As a result, such binding decisions made by majorities of Noteholders may be adverse to the interests of potential investors.

In addition to the foregoing, for the purposes of this Prospectus, the second paragraph of the Risk Factor entitled "*Credit ratings – Credit ratings assigned to the Bank or any Notes may not reflect all risks associated with an investment in those Notes"* set forth on pages 35 and 36 of the Base Prospectus shall be replaced with the following:

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

United Kingdom regulated investors are restricted under the UK CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-UK credit rating agencies, unless the relevant credit ratings are endorsed by a UK-registered credit rating agency or the relevant non-UK rating agency is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, UK regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in UK regulated investors selling the Notes which may impact the value of the Notes and any secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the sections of the Base Prospectus of the Bank dated 10 December 2020 relating to the Programme, entitled as set out in the table below:

(1) For the purposes of this Prospectus, the second paragraph of the Risk Factor entitled "*Credit ratings – Credit ratings assigned to the Bank or any Notes may not reflect all risks associated with an investment in those Notes*", set forth on pages 35 and 36 of the Base Prospectus, is replaced as indicated under "*Risk Factors*" in this Prospectus.

(2) For the purposes of this Prospectus, the references on pages 41 and 177 of the Base Prospectus to the Group's "operating income" for the nine month period ended 30 September 2020 and year ended 31 December 2019 should be interpreted as referring to the Group's "net profit". According to the consolidated Interim BRSA Financial Statements for the nine month period ended 30 September 2020, the Group had operating income of TL 13,479 million, as compared to TL 13,566 million for the year ended 31 December 2019, TL 13,352 million for the year ended 31 December 2018 and TL 7,959 million for the year ended 31 December 2017.

which is published on the Bank's website at:

https://www.yapikrediinvestorrelations.com/en/images/pdf/mtn-programme/Yapi-Kredi-GMTN-Base-Prospectus-2020-Update.pdf;

(b) the convenience translations into English of BRSA consolidated financial statements and related notes of the Group as of and for the nine months ended 30 September 2020 (with 30 September 2019 comparatives for the statement of income) and the review report of PwC Bağımsız Denetim ve Serbest

Muhasebeci Mali Müşavirlik A.Ş. (a member firm of PricewaterhouseCoopers International Limited) ("**PwC**") thereon, which are published on the Bank's website at:

https://www.yapikrediinvestorrelations.com/en/images/pdf/brsa-consolidated-financials/2020/30_september_2020_consolidated_financials.pdf;

(c) the convenience translations into English of BRSA consolidated financial statements and related notes of the Group as of and for the year ended 31 December 2019 and the audit report of PwC thereon, which are published on the Bank's website at:

https://www.yapikrediinvestorrelations.com/en/images/pdf/brsa-consolidated-financials/2019/yk_consolidated_financials_31_december_2019.pdf

(d) the convenience translations into English of the BRSA consolidated financial statements and related notes of the Group as of and for the nine months ended 30 September 2019 (with 30 September 2018 comparatives for the statement of income) and the review report of PwC thereon, which are published on the Bank's website at:

https://www.yapikredi.com.tr/medium/file/30-september-2019-consolidated-financials_57516/download;

(e) the convenience translations into English of the BRSA consolidated financial statements and related notes of the Group as of and for the year ended 31 December 2018 and the audit report of PwC thereon, which are published on the Bank's website at:

https://www.yapikredi.com.tr/medium/file/31-december-2018-consolidated-financials_51323/download;

(f) the convenience translations into English of the BRSA consolidated financial statements and related notes of the Group as of and for the year ended 31 December 2017 and the audit report of PwC thereon, which are published on the Bank's website at:

https://www.yapikredi.com.tr/medium/file/31-december-2017-consolidated-financials_42455/download;

(g) the convenience translations into English of BRSA unconsolidated financial statements and related notes of the Bank as of and for the nine months ended 30 September 2020 (with 30 September 2019 comparatives for the statement of income) and the review report of PwC thereon, which are published on the Bank's website at:

https://www.yapikrediinvestorrelations.com/en/images/pdf/brsa-unconsolidated-financials/2020/30_september_2020_unconsolidated_financials.pdf;

(h) the convenience translations into English of BRSA unconsolidated financial statements and related notes of the Bank as of and for the year ended 31 December 2019 and the audit report of PwC thereon, which are published on the Bank's website at:

https://www.yapikrediinvestorrelations.com/en/images/pdf/brsa-unconsolidated-financials/2019/yk_unconsolidated_financials_31_december_2019.pdf

(i) the convenience translations into English of the BRSA unconsolidated financial statements and related notes of the Bank as of and for the nine months ended 30 September 2019 (with 30 September 2018 comparatives) and the review report of PwC thereon, which are published on the Bank's website at:

https://www.yapikredi.com.tr/medium/file/30-september-2019-unconsolidated-financials_57517/download;

(j) the convenience translations into English of the BRSA unconsolidated financial statements and related notes of the Bank as of and for year ended 31 December 2018 and the audit report of PwC thereon, which are published on the Bank's website at:

https://www.yapikrediinvestorrelations.com/en/images/pdf/brsa-unconsolidated-financials/2018/yk_unconsolidated_financials_31_december_2018.pdf; and

(k) the convenience translations into English of the BRSA unconsolidated financial statements and related notes of the Bank as of and for the year ended 31 December 2017 and the audit report of PwC thereon, which are published on the Bank's website at:

https://www.yapikredi.com.tr/medium/file/31-december-2017-unconsolidated-financials_42454/download.

No other part of the Bank's website forms a part of, or is incorporated into, this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. Any information contained in any of the documents specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus.

Printed copies of the documents incorporated by reference will also be available, during usual business hours on any workday (Saturdays, Sundays and public holidays excepted), for inspection at the specified office of the Fiscal Agent and at the registered office of the Issuer.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 23 of the Prospectus Regulation, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Prospectus which may affect the assessment of the Notes. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise) be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus.

OVERVIEW OF THE OFFERING OF THE NOTES

The following is an overview of certain information relating to the offering of the Notes, including the principal provisions of the terms and conditions thereof. This overview is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus (including in the Base Prospectus). See, in particular, "*Terms and Conditions of the Notes*". *Terms used in this section and not otherwise defined shall have the meanings given to them in the Terms and Conditions of the Notes.*

Issue	U.S.$ 500,000,000 Fixed Rate Resettable Tier 2 Notes due 2031.
Interest and Interest Payment Dates	The Notes will bear interest from and including the Issue Date to (but excluding) the Issuer Call Date at a fixed rate of 7.875 per cent. per annum. From (and including) the Issuer Call Date to (but excluding) the Maturity Date, the Notes will bear interest at a fixed rate equal to the Reset Interest Rate. Interest will be payable semi-annually in arrear on each of 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 Day (as defined in Condition 7.4), then the Noteholders will not be entitled to payment until the next following Payment Day in the relevant place and 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 (as defined in Condition 5.5) and (b) the CMT Rate, as determined by the Fiscal Agent on the third Business Day immediately preceding the Issuer Call Date.
Issue Date	22 January 2021.
Issuer Call Date	22 January 2026.
Maturity Date	22 January 2031.
Use of Proceeds	The Issuer intends to use the net proceeds of the Offering, estimated to amount to approximately U.S.$ 500,000,000, for general corporate purposes, including redemption of the Issuer's outstanding U.S.$500 million fixed rate resettable Tier 2 notes due 2026.
Regulatory Treatment	Application was made by the Issuer 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 was received on 8 January 2021. See "*Turkish Regulatory Environment—Capital Adequacy*" in the Base Prospectus. The BRSA has also approved the use of proceeds from the offering of the Notes to redeem the

	Issuer's outstanding U.S.$500 million fixed rate resettable Tier 2 notes due 2026.
Status and Subordination	See Condition 3.1. 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.
Non-Viability Event and Write-Down of the Notes	If a Non-Viability Event occurs at any time, the Issuer will, *pro rata* with the other Notes and any other Parity Loss-Absorbing Instruments, reduce the then Prevailing Principal Amount of each outstanding Note by the relevant Write-Down Amount in the manner described in Condition 6.1. See Condition 6.
No Set-off or Counterclaim	See Condition 3.2.
No Link to Derivative Transactions, Guarantees or Security	See Condition 3.3.
Certain Covenants	The Issuer will agree to certain covenants, including covenants limiting transactions with Affiliates. See Condition 4.
Issuer Call	The Issuer may, having given not less than 15 nor more than 30 days' notice to the Noteholders (which notice will be irrevocable and will specify the date fixed for redemption), redeem all but not some only of the Notes then outstanding, subject (if required by applicable law) to having obtained the prior approval of the BRSA, on the Issuer Call Date at their then Prevailing Principal Amount together with interest accrued and unpaid to (but excluding) the Issuer Call Date. See Condition 8.3
Redemption upon a Capital Disqualification Event	The Issuer may, having given not less than 15 nor more than 30 days' notice to the Noteholders (which notice will be irrevocable and will specify the date fixed for redemption), redeem all but not some only of the Notes then outstanding at any time at their then

	Prevailing Principal Amount together with interest accrued and unpaid to (but excluding) the date of redemption upon the occurrence of a Capital Disqualification Event. "**Capital Disqualification Event**" means if, as a result of any change in applicable law (including the Equity Regulation), or the application or official interpretation thereof, as confirmed in writing by the BRSA, all or any part of the aggregate Prevailing Principal Amount of the outstanding Notes is not eligible for inclusion as Tier 2 capital of the Issuer (save where such exclusion is only as a result of any applicable limitation on the amount of such capital). See Condition 8.4.
Redemption for Tax Reasons	See Condition 8.2.
Substitution or Variation instead of Redemption	If at any time a Capital Disqualification Event or a Tax Event occurs, the Issuer may either substitute all (but not some only) of the Notes for, or vary the terms of the Notes accordingly, provided that they remain or, as appropriate, so that they become, Qualifying Tier 2 Securities. See Condition 8.5.
Taxation; Payment of Additional Amounts	See Condition 9. As of the date of this Prospectus, withholding tax at the rate of 0 per cent. applies on interest on the Notes. See "*Taxation - Certain Turkish Tax Considerations*" in the Base Prospectus.
Events of Default	Upon the occurrence of certain events, the holder of any Note may exercise certain limited remedies. See Condition 11.
Form, Transfer and Denominations	The Regulation S Notes will be represented by beneficial interests in the Unrestricted Global Certificate in registered form, without interest coupons attached, which will be delivered to a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg. The Rule 144A Notes will be represented by beneficial interests in the Restricted Global Certificate, in registered form, without interest coupons attached, which will be deposited with the Custodian, and registered in the name of Cede & Co., as nominee for, DTC. Except in limited circumstances, certificates for Notes will not be issued in exchange for beneficial interests in the Global Notes. See "*Terms and Conditions of the Notes—Condition 2*". Interests in the Rule 144A Notes will be subject to certain restrictions on transfer. See "*Transfer Restrictions*" herein. Interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by

	Euroclear and Clearstream, Luxembourg, in the case of the Regulation S Notes, and by DTC and its direct and indirect participants, in the case of the Rule 144A Notes. Notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 thereafter. See Condition 1.
Purchases by the Issuer, its Subsidiaries and its Affiliates	Except to the extent permitted by applicable law, the Notes shall not be purchased by, or otherwise assigned and/or transferred to, or for the benefit of, any Related Entity (as defined in Condition 8.6) or the Issuer. If so permitted by applicable law, and subject to having obtained the prior approval of the BRSA, the Issuer or any Related Entity may at any time purchase Notes in any manner and at any price in the open market or otherwise.
Governing Law	The Notes will be, and the Agency Agreement, the Deed of Covenant and the Deed Poll 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, which are and shall be governed by, and construed in accordance with, Turkish law.
Listing	An application has been made to Euronext Dublin to admit the Notes to listing on the Official List and trading on the Regulated Market. However, no assurance can be given that such application will be accepted.
Other Selling Restrictions	The Notes have not been nor will be registered under the Securities Act or any state securities laws and 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 to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise 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 is also subject to restrictions in Turkey and the United Kingdom. See "*Subscription and Sale and Transfer and Selling Restrictions—Selling Restrictions*" in the Base Prospectus.
Risk Factors	For a discussion of certain risk factors relating to Turkey, the Issuer and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, see "*Risk Factors*" herein and in the Base Prospectus.

Issue Price	100% of the principal amount of the Notes payable in full in U.S. dollars on the Issue Date.
Yield	7.875% per annum.
Regulation S Security Codes	ISIN: XS2286436451 Common Code: 228643645
Rule 144A Security Codes	ISIN: US984848AN12 CUSIP: 984848 AN1 Common Code: 228890758
Representation of Noteholders	There will be no trustee.
Expected Ratings	B- by Fitch Caa2 by Moody's
Fiscal Agent, Exchange Agent, Principal Paying and Transfer Agent:	The Bank of New York Mellon, London Branch
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch

ADDITIONAL INFORMATION

Turkish Regulatory Environment

The section entitled "*Turkish Regulatory Environment*" on pages 254 to 283 (inclusive) of the Base Prospectus is incorporated herein by reference. For the purposes of the Notes and this Prospectus only, investors should read the following paragraphs in addition to the section entitled "*Turkish Regulatory Environment*" in the Base Prospectus:

Permanent write-down or conversion into equity of Tier 2 instruments upon a determination of non-viability by the BRSA

Under Article 8(2)(ğ) of the Equity Regulation (which came into force on 1 January 2014), in order for a debt instrument to constitute Tier 2 capital it should be possible pursuant to the terms of that debt instrument for the debt instrument to be written-down or converted into equity upon the decision of the BRSA in the event that it is probable that (i) the bank's operating licence may be revoked or (ii) shareholder rights, and the management and supervision of the bank, may be transferred to the SDIF, in each case pursuant to Article 71 of the Banking Law.

Prior to any determination of non-viability of a bank under Article 71 of the Banking Law, the BRSA may, in accordance with Articles 68, 69 and 70 of the Banking Law, require a number of corrective, rehabilitative and restrictive measures to be taken by the bank, including the following:

- *Article 68 (Corrective measures)*: the corrective measures that the BRSA may require the bank to take under Article 68 of the Banking Law may include an increase in the capital of the bank, a temporary suspension on the distribution of profits, the sale of assets, restrictions on lending to the shareholders and restrictions on long-term investments;
- *Article 69 (Rehabilitative measures)*: where the measures under Article 68 of the Banking Law are either not taken or are considered by the BRSA to be insufficient the BRSA may, under Article 69 of the Banking Law, require the bank to take certain rehabilitative measures including changes to the financial structure, an increase in capital adequacy and/or liquidity ratios, the sale of assets, restrictions on operational and management expenditure, restrictions on variable payments to employees, restrictions or prohibition on lending, changes to the board of directors and responsible employees and the preparation of short to long term business plans; and
- *Article 70 (Restrictive measures)*: where the measures under Articles 68 and 69 of the Banking Law are either not taken or are considered by the BRSA to be insufficient the BRSA may, under Article 70 of the Banking Law, require the bank to take certain restrictive measures including restricting or temporarily suspending activities, the dismissal of management, limiting or ceasing its non-performing operations, disposal of its non-performing assets, merger with another bank and the finding of new shareholders.

It is only where the BRSA determines that (a) such measures are not taken (partially or completely) either within the time period required by the BRSA or within 12 months following BRSA's request to take the necessary measure(s), or are taken but the bank's financial structure is not strengthened or the BRSA considers that the bank's financial structure cannot be strengthened; (b) the continuation of the activities of such bank would jeopardise the rights of the depositors and the security and stability of the financial system; (c) such bank cannot cover its liabilities as they become due; (d) the total amount of the liabilities of such bank exceeds the total amount of its assets; and/or (e) the controlling shareholders or directors of such bank are found to have utilised such bank's resources for their own interests, directly or indirectly or fraudulently, in a manner that jeopardised the secure functioning of the bank or caused such bank to sustain a loss as a result of such misuse, the BRSA is then authorised under Article 71 of the Banking Law to make the determination of non-viability of a bank.

Tier 2 Rules

According to the Equity Regulation, which came into force on 1 January 2014, Tier 2 capital shall be calculated by subtracting capital deductions from general provisions that are set aside for receivables and/or the surplus of provisions and capital deductions with respect to expected loss amounts for receivables (as the case may be,

depending upon the method used by the bank to calculate the credit risk amounts of the applicable receivables) and the debt instruments that have been approved by the BRSA upon the application of the board of directors of the applicable bank along with a written statement confirming compliance of the debt instruments with the conditions set forth below and their issuance premia (the "**Tier 2 Conditions**")):

(a) the debt instrument shall have been issued by the bank and approved by the CMB and shall have been fully collected in cash,

(b) in the event of dissolution of the bank, the debt instrument shall have priority over debt instruments that are included in additional Tier 1 capital and shall be subordinated with respect to rights of deposit holders and all other creditors,

(c) the debt instrument shall not be related to any derivative operation or contract, nor shall it be tied to any guarantee or security, in one way or another, directly or indirectly, in a manner that violates the condition stated in clause (b),

(d) the debt instrument must have an initial maturity of at least five years and shall not include any provision that may incentivise prepayment, such as dividends and increase of interest rate,

(e) if the debt instrument includes a prepayment option, such option shall be exercisable no earlier than five years after issuance and only with the approval of the BRSA; approval of the BRSA is subject to the following conditions:

- the bank should not create any market expectation that the option will be exercised by the bank,
- the debt instrument shall be replaced by another debt instrument either of the same quality or higher quality, and such replacement shall not have a restrictive effect on the bank's ability to sustain its operations, or
- following the exercise of the option, the equity of the bank shall exceed the higher of: (A) the capital adequacy requirement that is to be calculated pursuant to the 2016 Capital Adequacy Regulation along with the Regulation on the Capital Conservation and Countercyclical Capital Buffer, (B) the capital requirement derived as a result of an ICAAP of the bank and (C) the higher capital requirement set by the BRSA (if any);

however, if tax legislation or other regulations are materially amended, a prepayment option may be exercised; *provided* that the above conditions in this clause (e) are met and the BRSA approves,

(f) the debt instrument shall not provide investors with the right to demand early amortisation except for during a bankruptcy or dissolution process relating to the issuer,

(g) the debt instrument's dividend or interest payments shall not be linked to the creditworthiness of the issuer,

(h) the debt instrument shall not be: (i) purchased by the issuer or by corporations controlled by the issuer or significantly under the influence of the issuer or (ii) assigned to such entities, and its purchase shall not be directly or indirectly financed by the issuer itself,

(i) if there is a possibility that the bank's operating licence would be cancelled or the probability of the transfer of the management of the bank to the SDIF arises pursuant to Article 71 of the Banking Law due to the losses incurred by the bank, then removal of the debt instrument from the bank's records or the debt instrument's conversion to share certificates for the absorption of the loss would be possible if the BRSA so decides,

(j) in the event that the debt instrument has not been issued by the bank itself or one of its consolidated entities, the amounts obtained from the issuance shall be immediately transferred without any restriction to the bank or its consolidated entity (as the case may be) in accordance with the rules listed above, and

(k) the repayment of the principal of the debt instrument before its maturity is subject to the approval of the BRSA and the approval of the BRSA is subject to the same conditions as the exercise of the prepayment option as described in clause (e).

In addition, procedures and principles regarding the deduction of the debt instrument's value and/or removal of the debt instrument from the bank's records, and/or the debt instrument's conversion to share certificates, are determined by the BRSA.

Loans (as opposed to securities) that have been approved by the BRSA upon the application of the board of directors of the applicable bank accompanied by a written statement confirming that all of the Tier 2 Conditions (except for the condition stated in clause (a) of the Tier 2 Conditions) are met also can be included in Tier 2 capital calculations.

In addition to the conditions that need to be met before including debt instruments and loans in the calculation of Tier 2 capital, the Equity Regulation also provides a limit for inclusion of general provisions to be set aside for receivables and/or the surplus of provisions and capital deductions with respect to expected loss amounts of receivables (as the case may be, depending upon the method used by the bank to calculate the credit risk amount of such receivables) in Tier 2 capital, such that only 1.25% of the risk-weighted sum of the receivables in calculating the credit risk exposure by using the standardised approach is taken into consideration in calculating the Tier 2 capital. As of 1 January 2022, general provisions will no longer be allowed to be included in the supplementary capital (*i.e.*, Tier 2 capital) of Turkish banks and the aforementioned limit that is calculated on the basis of risk-weighted assets related to credit risk will no longer be applicable.

Furthermore, in addition to the Tier 2 Conditions stated above, the BRSA may require new conditions for each debt instrument and the procedure and principles regarding the removal of the debt instrument from the bank's records or the debt instrument's conversion to share certificates are determined by the BRSA.

Applications to include debt instruments or loans into Tier 2 capital are required to be accompanied by the original copy or a notarised copy of the applicable agreement(s) or the CMB's letter and text confirming the registration of such debt instrument or, if an applicable agreement is not yet signed, then a draft of such agreement (with submission of its original or a notarised copy to the BRSA within five İstanbul business days following the signing date of such agreement). The Equity Regulation provides that if the terms of the executed loan agreement or debt instrument contain different provisions than the draft thereof so provided to the BRSA, then a written statement of the board of directors confirming that such difference does not affect the Tier 2 capital qualifications is required to be submitted to the BRSA within five İstanbul business days following the signing date of such loan agreement or the issuance date of such debt instrument. If the applicable interest rate is not explicitly indicated in such loan agreement or the prospectus of such debt instrument (*borçlanma aracı izahnamesi*), as applicable, or if such interest rate is excessively high compared to that of similar loans or debt instruments, then the BRSA might not authorise the inclusion of the loan or debt instrument in the calculation of Tier 2 capital.

Debt instruments and loans that are approved by the BRSA are included in accounts of Tier 2 capital as of the date of transfer to the relevant accounts in the applicable bank's records. Loans and debt instruments that have been included in Tier 2 capital calculations and that have less than five years to maturity shall be included in Tier 2 capital calculations after being reduced by 20% each year.

BRSA Communiqué on the Debt Instruments Included in the Equity Calculation of the Banks

Paragraph 13 of Article 8 of the Equity Regulation provides that the BRSA is to determine the rules and procedures with respect to the write-down or conversion into equity of the debt instruments included in the Tier 2 capital calculation of the banks. Accordingly, on 7 June 2018, the BRSA published the Communiqué on Debt Instruments to be Included in the Equity Calculation of the Banks (the "**Regulatory Capital Communiqué**") in the Official Gazette dated 7 June 2018 and numbered 30444, which entered into force upon its publication. The Regulatory Capital Communiqué is intended to align the Turkish Additional Tier 1 and Tier 2 framework with the European practice and imposes certain new requirements on the issuers.

In this regard, Article 4 of the Regulatory Capital Communiqué introduces a new requirement for issuers of Tier 2 debt instruments to mandate a locally licensed independent auditor to provide an opinion to the BRSA, confirming that the terms and conditions of the Tier 2 debt instruments are in full compliance with the requirements set forth under Article 8 of the Equity Regulation.

Further, the Regulatory Capital Communiqué stipulates that the debt instruments included in Additional Tier 1 capital of the banks come before the debt instruments included in Tier 2 capital of the banks, in terms of write-off, write-down or conversion into equity. The nominal value of the debt instruments is to be taken into account for determination of the amount to be written-off, written-down or converted into equity.

If there are multiple debt instruments included in Tier 2 capital of the bank; the write-off, write-down or conversion into equity is to be carried out *pro rata* for each debt instrument included in Tier 2 capital of the bank, by taking into account each debt instrument's portion in the total value of the debt instruments included in Tier 2 capital of the bank. The same provision applies for the debt instruments included in Additional Tier 1 capital of the bank. Dividend distribution for, prepayment or early redemption of, the debt instruments included in equity calculation, converted into equity or written-down, is to take into account the outstanding amount after the conversion into equity or write-down.

According to the Regulatory Capital Communiqué, a write-up is not possible for the debt instruments constituting Tier 2 capital, which have been written-down, upon the decision of the BRSA due to the probability of (i) revocation of the bank's operating licence or (ii) transfer to the SDIF of the shareholder rights (other than dividend rights), and the management and supervision of the bank, in each case pursuant to Article 71 of the Banking Law.

The Regulatory Capital Communiqué has introduced certain requirements for implementation of conversion into equity option, as well. Accordingly:

- in order for an issuer to issue regulatory capital debt instruments with the conversion into equity mechanism, the issuer must have obtained a general assembly of shareholders resolution prior to the issuance;

- the issuer must have obtained all requisite consents to ensure that equity issuance as set forth under the agreement for debt instrument/issuance certificate is promptly effected once the "conversion into equity" requirement has arisen;

- regulatory capital debt instruments cannot be converted into preferred shares;

- the agreement for debt instrument/issuance certificate must include the following item (iii), as well as either of the following items (i) or (ii):

  (i) conversion rate and the maximum equity amount to be issued for conversion;

  (ii) conversion range; and

  (iii) method for determining equity price to be employed in calculation of conversion rate or conversion range,

- if as a result of implementation of conversion into equity, holding of a person in the relevant issuer reaches, exceeds or falls below 10%, 20%, 33% or 50%, the BRSA approval would be required for exercise of shareholding rights (other than dividend rights), provided that such persons meet the eligibility criteria for founders of a bank as set out under the Banking Law; and

- the shares acquired as a result of "conversion into equity" are not taken into account for calculations to be made under the Regulation on the Capital Maintenance and Cyclical Capital Buffer or such other restrictions of the CMB with respect to dividend distribution.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which (except for the paragraphs in italics) will be incorporated by reference into each Global Note (as defined below) and each definitive Note will have endorsed thereon or attached thereto such Terms and Conditions.

The USD 500,000,000 Fixed Rate Resettable Tier 2 Notes due 2031 (the "**Notes**") are issued by Yapı ve Kredi Bankası A.Ş. (the "**Issuer**") pursuant to the Agency Agreement (as defined below).

References herein to the "**Notes**" shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in U.S. dollars;

(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 agency agreement dated 29 September 2017 as supplemented by the fifth supplemental agency agreement dated 22 January 2021 (such agency agreement as further amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between the Issuer, The Bank of New York Mellon, London Branch as fiscal 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 "**Noteholders**" or "**holders**" in relation to any Notes shall mean the persons in whose name the Notes are 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 (such deed of covenant as modified and/or supplemented and/or restated from time to time), (the "**Deed of Covenant**") dated 29 September 2017 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**").

Copies of the Agency Agreement, a deed poll (such deed poll as modified and/or supplemented and/or restated from time to time, the "**Deed Poll**") dated 29 September 2017 and made by the Issuer and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Fiscal Agent, the Registrar and the other Paying Agents, the Exchange Agent and the other Transfer Agents (such agents and the Registrar being together referred to as the "**Agents**"). The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed Poll and the Deed of Covenant. The statements in these Terms and Conditions (the "**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 the Conditions unless the context otherwise requires or unless otherwise stated and *provided that*, in the event of inconsistency between the Agency Agreement and the Conditions, the Conditions will prevail.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in registered form and, in the case of definitive Notes, serially numbered, and are issued in amounts of USD 200,000 and integral multiples of USD 1,000 thereafter (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 (No. 6102), the Capital Markets Law (No. 6362) of Turkey and the Communiqué on Debt Instruments Serial: VII, No: 128.8 of 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 transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by 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 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 succeeding paragraphs.

For so long as any of the Notes is represented by a Global Note deposited with and registered in the name of a nominee for a common depositary for Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg 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 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 error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes 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 any 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 of Notes**" and related expressions shall be construed accordingly.

For so long as the Depository Trust Company ("**DTC**") or its nominee is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, 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 otherwise 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 DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Global Note only in a Specified Denomination and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 Transfers of 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). In order to effect any such

transfer (a) the holder or holders must (i) surrender the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit 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 making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 9 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the 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 (at the risk of the transferor) sent by uninsured mail to the transferor.

2.3 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer and/or 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 the subordination of the Notes, as set out in this 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.

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

The Issuer will not: (a) link its obligations in respect of the Notes to any derivative transaction or derivative contract in a way which would result in a violation of Article 8(2)(b) of the Equity Regulation or (b) provide in any manner for such obligations to be the subject of any guarantee or security.

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 Instruments" means any securities or other instruments that at the time of issuance constitute Additional Tier 1 capital of the Issuer.

"BRSA" means the Banking Regulation and Supervision Agency (*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 (No. 28756), with an effective date of 1 January 2014).

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

"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 (No. 6802), income withholding tax pursuant to the Decrees of the Council of Ministers of Turkey (No. 2009/14592, 2009/14593 and 2009/14594, as amended by No.2011/1854 and 2010/1182, and Presidential Decree No. 842 dated 20 March 2019), Articles 15 and 30 of the Corporate Income Tax Law (No. 5520) and Article 94 and Provisional Article 67 of the Income Tax Law (No. 193), any reverse VAT imposed by the VAT Law (No. 3065), any stamp tax imposed by the Stamp Tax Law (No. 488) and any withholding tax imposed by, or anti-tax haven regulations under, Article 30.7 of the Corporate Income Tax 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 (No. 5411), the Turkish Commercial Code (No. 6102) or the Turkish Execution and Bankruptcy Code (No. 2004).

"Tier 2 capital" means tier 2 capital as provided under Article 8 of the Equity Regulation.

"Tier 2 Instruments" means any securities or other instruments that at the time of issuance constitute Tier 2 capital of the Issuer.

"Turkey" means the Republic of Turkey.

4. COVENANTS

4.1 Maintenance of Authorisations

So long as any of the Notes remains outstanding (as defined in the Agency Agreement), the Issuer shall take all necessary actions 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, which may at any time be required to be obtained or made in Turkey (including, for the avoidance of doubt, with the CMB and the BRSA) for (i) the execution, delivery or performance of the Agency Agreement, the Deed of Covenant, Deed Poll and the Notes or for the validity or enforceability thereof, or (ii) the conduct by it of the Permitted Business, save for any consents, permissions, licences, approvals, authorisations, registrations, recordings and filings (collectively, "**Permissions**") which are immaterial in the conduct by the Issuer of the Permitted Business. For the avoidance of doubt, any Permissions relating to the Issuer's ability or capacity to undertake its banking or financial advisory functions shall not be deemed to be immaterial in the conduct by the Issuer of its 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 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 USD 50,000,000 (or its equivalent in any other currency) unless such Affiliate Transaction and each such other aggregate 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:

(a) not later than 120 days after the end of each financial year, 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**"), including comparative financial information for the preceding financial year, and such financial statements of the Issuer shall be accompanied by the reports of the auditors thereon; and

(b) not later than 90 days after the end of the first six months of each of the Issuer's financial years, English language copies of its unaudited consolidated financial statements for such six-month period, prepared in accordance with IFRS consistently applied and BRSAAS, including comparative financial information for the corresponding period of the previous financial year.

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 "**Successor Entity**") without the prior approval of the holders of the Notes by way of an Extraordinary Resolution unless either:

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

(b) (i) the Successor Entity 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 Successor Entity shall undertake in favour of each Noteholder to be bound by the Notes, these Conditions and the provisions of the Agency Agreement, the Deed of Covenant and the Deed Poll as fully as if it had been named in the Notes, these Conditions, the Agency Agreement, the Deed of Covenant and the Deed Poll in place of the Issuer; and

(ii) the Issuer (or the Successor Entity) delivers to the Fiscal Agent a legal opinion from a leading firm of lawyers in each of Turkey and England to the effect that, subject to no greater limitations as to enforceability than those which 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 Successor Entity, 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 (A) none of the events or circumstances described in paragraphs (a), (b) or (c) in Condition 11 below 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 Successor Entity on its assumption of such obligations and covenants in accordance with the provisions of Condition 4.4(b) or (II) otherwise have a Material Adverse Effect.

4.5 Interpretation

In 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 the 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. For the purposes of this definition, the terms "**controlling**", "**controlled by**" and "**under common control with**" shall have corresponding meanings.

"**Group**" means the Issuer together with its consolidated Subsidiaries.

"**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 Adverse Effect**" means a material adverse effect on: (i) the business, financial condition or results of operations of the Issuer or the Group, or (ii) the Issuer's ability to perform its obligations under the Notes, which, in the case of Condition 4.4(b) above, shall be determined by reference to the Issuer and the Group immediately prior to, and to the Successor Entity and the New Group immediately after, the relevant merger, amalgamation or consolidation or sale, assignment or other disposition.

"**New Group**" means the Successor Entity together with its consolidated Subsidiaries.

"**Permitted Business**" means any business which is the same as or related, ancillary or complementary to any of the businesses of the Issuer on the Issue Date (as defined below).

"**Person**" means (i) any individual, company, unincorporated association, government, state agency, international organisation or other entity and (ii) its successors and assigns.

"**Subsidiary**" means, in relation to any Person, any company (i) in which such Person holds a majority of the voting rights or (ii) of which such Person is a member and has the right to appoint or remove a

majority of the board of directors or (iii) of which such Person is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of such Person.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

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

(a) the Issue Date to (but excluding) the Issuer Call Date, at the rate of 7.875 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, a "**Rate of Interest**"), 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 2021.

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.

Interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Notes which 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, USD 1,000 (the "**Calculation Amount**"),

and, in each case, multiplying such sum by 30/360, and rounding the resultant figure to the nearest USD 0.01 (with USD 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 a multiple of the Calculation Amount, 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 have applied, the above calculation shall be performed separately for each sub-period within that period during which the Prevailing Principal Amount 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 it to be notified to the Issuer and any stock exchange on which the Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 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 on the Issuer, the Fiscal Agent, the other Agents and all Noteholders and (in the absence of wilful default or fraud) 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

The Notes will cease to bear interest from (and including) the date for their redemption unless payment of principal 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

In 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 may replace it on that information service or any successor information service for the purpose of displaying "treasury constant maturities" as reported in H.15(519).

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Istanbul, 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 displayed on the Bloomberg Screen at the Relevant Time; or

(b) if the yield referred to in paragraph (a) above is not published on the Bloomberg Screen by the Relevant Time, 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)" at the Relevant Time; or

(c) if the yield referred to in paragraph (b) above is not published by the Relevant Time, 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 USD 1,000 for each USD 1,000 of the Specified Denomination of the Notes as of the Issue Date.

"**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 or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

"**Issue Date**" means 22 January 2021.

"**Issuer Call Date**" means 22 January 2026.

"**Maturity Date**" means 22 January 2031.

"**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 occasions) 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 date of payment.

"**Relevant Time**" means at or around 4.30 p.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 such 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 7.415 per cent. per annum.

"**Reset Reference Banks**" means five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in USD in New York City (excluding the Fiscal Agent or any of its affiliates), as selected by the Fiscal Agent after consultation with the Issuer.

"**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, the Reset Reference Bank Rate will 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, the Reset Reference Bank Rate will be determined by the Fiscal Agent on the basis of the arithmetic mean of the quotations provided. If only one quotation is so provided, the

Reset Reference Bank Rate will be determined by the Fiscal Agent on the basis of such quotation. If no quotations are provided, the Reset Reference Bank Rate will be 0.46 per cent. per annum.

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

"**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, the Reset United States Treasury Securities will be the United States Treasury Security with the shorter remaining term to maturity.

"**United States Treasury Securities**" means securities that are direct obligations of the United States Treasury, 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 (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 any other 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 in respect of, all Junior Loss-Absorbing Instruments (including Additional Tier I (*İlave Ana Sermaye*)) 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 I Capital (*Çekirdek Sermaye*)) to the maximum extent allowed by law of the relevant loss(es) giving rise to the Non-Viability of the Issuer within the framework of the procedures and other measures by which the relevant loss(es) of the Issuer giving rise to the Non-Viability Event may be absorbed by such Junior Obligations pursuant to Article 71 of Banking Law (No. 5411) and/or otherwise under Turkish law and regulations,

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 law and the Writing Down of the Notes *pro rata* with any other Parity Loss-Absorbing Instruments, thereby maintaining the respective rankings described under Condition 3.1 above.

In conjunction with any determination by the BRSA of the Issuer's Non-Viability, losses may be absorbed by shareholders of the Issuer pursuant to Article 71 of the Banking Law (No. 5411) upon: (a)

the transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF, on the condition that such loss(es) are deducted from the capital of the shareholders or (b) the revocation of the Issuer's operating licence and its liquidation. 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, it is essential that the Write-Down takes place in conjunction with such transfer to the SDIF or revocation of the Issuer's operating licence and the possibility of its liquidation pursuant to Article 71 of the Banking 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 does take place before the liquidation of the Issuer, Noteholders would only be able to claim and prove in respect of the Prevailing Principal Amount of the outstanding Notes following the Write-Down.

Prior to any such determination of Non-Viability by the BRSA, in those circumstances where the BRSA considers preventative action is warranted, there are a number of measures that may be taken by the BRSA under Articles 68 to 70 of the Banking Law (No. 5411) as a form of early intervention, including corrective, rehabilitative and restrictive measures. In addition to the measures referred to in those Articles, the BRSA may also request other measures. These may include the BRSA calling for an increase in the bank's own funds, which the BRSA may look for the bank to achieve through, among other things, the issue of further shares (whether to existing or new shareholders). The scope and manner of implementation of the measures described above that may be taken pursuant to Articles 68 to 70 of the Banking Law (No. 5411) will be decided solely by the Board of the BRSA. The transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF under Article 71 of the Banking Law (No. 5411) on the condition that losses are deducted from the capital of existing shareholders will also take place only upon the decision of the Board of the BRSA. See further "Risk Factors – Risks Relating to the Structure of the Notes - Potential Permanent Write-Down – The outstanding principal amount of the Notes might be permanently written-down upon the occurrence of a Non-Viability Event with respect to the Issuer".

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 Noteholders shall not in any way impact on the effectiveness of, or otherwise invalidate, any Write-Down, or give Noteholders any rights as a result of such failure.

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

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 the outstanding Notes 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 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 this Condition 6:

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

"**Loss-Absorbing Instrument**" means any security or other instrument or payment obligation that has provision for all or some of its principal amount to be reduced and/or converted into equity (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 instrument that does not have such provision in its terms or otherwise but which is subject to any Statutory Loss Absorption Measure).

"**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 (No. 5411) that: (i) its operating licence is to be revoked and the Issuer liquidated or (ii) the rights of all of its 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.

"**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.

"**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 and the management and supervision of the Issuer to the SDIF pursuant to Article 71 of the Banking 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.

"**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 would need to 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

Subject as provided below, 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: (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**") or any law implementing an intergovernmental approach to FATCA.

7.2 Payments in respect of Notes

Payments of principal in respect of each Note (whether or not in global form) will be made against surrender (or, in the case of part payment of any sum due, presentation and endorsement) of the 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 (as defined below) 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 (i) where in global form, the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg and/or DTC, as the case may be, are open for business) before the relevant due date, and (ii) in all other cases, the close of business on the 15th day (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, the first such day prior to such 15th day) before the relevant due date (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 USD 250,000, payment will instead be made by a cheque in U.S. dollars drawn on a Designated Bank (as defined below). 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 a bank which processes payments in U.S dollars.

Payments of interest in respect of each 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 the 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 the Record Date and at that holder's risk. Upon application of the 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, the payment may 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 the Notes which become payable to the holder 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 each Note on redemption will be made in the same manner as payment of the principal amount of such Note.

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 the Registrar in respect of any payments of principal or interest in respect of the Notes.

Neither the Issuer nor 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

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

7.4 Payment Day

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall

not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which is 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:

(a) Istanbul, London and New York City; and

(b) in the case of Notes in definitive form only, the relevant place of presentation.

7.5 Interpretation of principal and interest

Any reference in the Conditions to principal or interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which 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 outstanding Note will be redeemed by the Issuer at its then Prevailing Principal Amount on the Maturity Date.

8.2 Redemption for tax reasons

If as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 9.1) or any change or clarification in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change, amendment or clarification becomes effective after 20 January 2021, on the next Interest Payment Date the Issuer would:

(a) be required to (i) pay additional amounts as provided or referred to in Condition 9 and (ii) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, where such requirement cannot be avoided by the Issuer taking reasonable measures available to it as determined in good faith by the Board of Directors of the Issuer; or

(b) 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 20 January 2021, is reduced,

(each a "**Tax Event**") then the Issuer may at its option, having given not less than 15 and not more than 30 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 then outstanding, subject (if required by applicable law) to having obtained the prior approval of the BRSA, at any time at their then Prevailing Principal Amount together with interest accrued and unpaid to (but excluding) the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Fiscal Agent: (i) a certificate signed by two Directors of the Issuer stating that the requirement referred to in sub-paragraphs (a) and (b) above 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, (ii) the BRSA's written approval for such redemption of the Notes (if so required) and (iii) an opinion of independent legal advisers, in the case of sub-paragraph (a) above or independent tax advisers, in the case of sub-paragraph (b) above, in each case, of recognised standing to the effect that the Issuer (A) in the case of sub-paragraph (a) above, has or will become obliged to pay such additional amounts as a result of the change, amendment or clarification or (B) 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 or will be so reduced.

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

The Issuer may, having given not less than 15 nor more than 30 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 then outstanding, subject (if required by applicable law) to having obtained the prior approval of the BRSA, on the Issuer Call Date, at their then Prevailing Principal Amount together with 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 15 nor more than 30 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 then outstanding at any time at their then Prevailing Principal Amount together with 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) the required confirmation in writing by the BRSA, if applicable, of the occurrence of the relevant Capital Disqualification Event and (b) a certificate signed by two Directors of the Issuer stating that such Capital Disqualification Event has occurred.

For the purposes of this Condition 8.4:

"**Capital Disqualification Event**" means if, as a result of any change in applicable law (including the Equity Regulation), or 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 eligible for inclusion as Tier 2 capital of the Issuer (save where such exclusion is only as a result of any applicable limitation on the amount of such capital), and

"**Tier 2 capital**" means tier 2 capital as provided under Article 8 of the Equity Regulations.

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 Banking Regulations and the approval of the BRSA and having given not less than 15 nor more than 30 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 accordingly, provided that they remain or, as appropriate, so that they become, Qualifying Tier 2 Securities.

Following the occurrence of a Non-Viability Event, the Issuer shall not be entitled to give a notice of substitution or variation of the Notes pursuant to this Condition 8.5.

For the purposes of this Condition 8.5:

"**Applicable Banking Regulations**" means at any time the laws, regulations, communiqués, regulatory decisions, requirements, guidelines and policies relating to capital adequacy then in effect in Turkey including, without limitation to the generality of the foregoing, the Banking Law (No. 5411), the Capital Adequacy Regulation, the Equity Regulation, the Capital Conservation and Countercyclical Buffer Regulation, the Regulation on Systemically Important Banks, the BRSA decision No. 6602 dated 18 December 2015 and those regulations, communiqués, decisions, requirements, guidelines and policies relating to capital adequacy of the BRSA to the extent then in effect in Turkey (whether or not any such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Group) and

"**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 a Noteholder, as reasonably determined by the Issuer following the advice of an independent financial institution of international standing, than the terms of the Notes, provided that they shall (i) include a ranking at least equal to that of the Notes, (ii) have the same interest rate and Interest Payment Dates as those from time to time applying to the Notes, (iii) have the same redemption rights as the Notes, (iv) comply with the then current requirements of Applicable Banking Regulations in relation to Tier 2 capital, and (v) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation; and

(b) are listed on a recognised stock exchange if the Notes were so listed immediately prior to such substitution or variation.

8.6 Purchases by the Issuer or Subsidiaries

Except to the extent permitted by applicable law, the Notes shall not be purchased by, or otherwise assigned and/or transferred to, or for the benefit of, (a) any entity which is controlled by the Issuer or over which the Issuer has significant influence (as contemplated in the Banking Law (No. 5411) and the Equity Regulation) (a "**Related Entity**") or (b) the Issuer. If so permitted and subject to having obtained the prior approval of the BRSA (if required for applicable law), the Issuer or any Related Entity may purchase or otherwise acquire Notes in any manner and at any price in the open market or otherwise. Subject to applicable law, such Notes may be held, reissued, resold or, at the option of the Issuer or any such Related Entity, surrendered to any Paying Agent and/or the Registrar for cancellation.

8.7 Cancellation

All Notes which are redeemed pursuant to this Condition 8 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 optional 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

If the Issuer has given a notice of redemption of the Notes pursuant to Condition 8.2, 8.3 or 8.4 or a notice of substitution or variation pursuant to Condition 8.5 and, after giving such notice but prior to the date of such redemption, substitution or variation, as applicable a Non-Viability Event occurs, 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, substituted or varied, as applicable on the scheduled redemption date and, instead, a Write-Down shall occur in respect of the Notes as described under Condition 6.

9. TAXATION

9.1 Payment without Withholding

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, 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 law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise 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 with respect to 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 his having some connection with any Relevant Jurisdiction other than the mere holding of such Note; or

(b) where such withholding or deduction would not have been imposed but for the failure of the applicable holder or beneficial owner of such payment to comply with any certification, identification, information, documentation or other reporting requirement to the extent (a) such compliance is required by applicable law, administrative practice or an applicable treaty as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes and (b) such obligor shall have notified such recipient in writing that such recipient will be required to comply with such requirement; or

(c) presented for payment in Turkey; or

(d) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Day (as defined in Condition 7.6).

Notwithstanding any other provision of these Conditions, in no event will the Issuer 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 (including pursuant to any agreement described in Section 1471(b) of the Code) or any law implementing an intergovernmental approach to FATCA.

For the purposes of these Conditions:

(i) **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 duly received by the Fiscal Agent, on or prior to the due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

(ii) **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 which may be payable under this Condition 9.

10. PRESCRIPTION

The Notes will become void unless claims in respect of principal and/or interest 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 (as defined in Condition 9) 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; or

(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,

the holder of any Note may:

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

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 on 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, whether for the recovery of amounts owing in respect of the Notes 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 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 is entitled to vary or terminate the appointment of any Agent and/or 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.

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 or 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 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) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing 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 in a daily newspaper of general circulation in the place or places required by those rules.

For so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, there may be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the 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 in a daily newspaper of general circulation in the place or places required by those rules. Any such notice to Euroclear and/or Clearstream, Luxembourg and/or DTC shall be deemed to have been given to the holders of the Notes on the second business day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable.

15. MEETINGS OF NOTEHOLDERS AND MODIFICATION

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 or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. of the then Prevailing Principal Amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. of the then Prevailing Principal Amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the 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 these Conditions (including modifying the Maturity Date or any date for payment of interest thereon, reducing or cancelling the amount of principal (other than in accordance with the Conditions) or the rate of interest payable in respect of the Notes, modifying Condition 3 by way of any further subordination of the Notes or the imposition of any further restriction or limitation on the rights or Claims of Noteholders, altering the currency of payment of the Notes, or modifying Conditions 6 or 18), the quorum shall be one or more persons holding or representing not less than two-thirds of the then Prevailing Principal Amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third of the then Prevailing Principal Amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting.

15.2 Modification

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, to any modification of any of these Conditions, the Deed of Covenant or any of the provisions of the Agency Agreement which is, in the opinion of the Issuer, either (i) 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 (ii) 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 on the Noteholders and, unless the Fiscal Agent agrees otherwise any such modification shall be notified by the Issuer to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

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 the Notes, or the same in all respects save for the amount and date of the first payment of interest thereon, the date from which interest starts to accrue, the issue date and the issue price, 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 which 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, the Deed Poll and the Notes and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Deed Poll and the Notes, are and shall be governed by, and construed in accordance with, English law, except for the provisions of Condition 3, 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) is to have exclusive jurisdiction to settle any disputes which may 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 they are an inconvenient or inappropriate forum. To the extent allowed by law, the Noteholders may take any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Notes (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 Procedural 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 the High Court of Justice

of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) in 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 Procedural Law of Turkey (Law No. 5718).

18.4 Appointment of Process Agent

Service of process may be made upon the Issuer at the offices of Beko plc located at Beko House, 1 Greenhill Crescent, Watford, WD18 8QU, United Kingdom, in respect of any Proceedings in England and undertakes that in the event of such process agent ceasing so to act it will appoint another person as its agent for that purpose.

18.5 Other documents

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

USE OF PROCEEDS

The Bank will incur various expenses in connection with the issuance of the Notes, including underwriting fees, legal counsel fees, rating agency expenses and listing expenses. The Issuer intends to use the net proceeds from the issuance of Notes for its general corporate purposes, including redemption of the Issuer's outstanding U.S.$500 million fixed rate resettable Tier 2 notes due 2026.

RECENT DEVELOPMENTS

This section should be read together with and form part of the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Base Prospectus.

Allowance for Expected Credit Losses

In 2019 and the nine months ended 30 September 2020, the Bank took significant measures on asset quality, both in terms of classification of loans and coverage. In addition, the Bank has benefitted from the BRSA's temporary relaxation of the classification of loans under Stage 2 and Stage 3. The Bank's Stage 2 loans decreased to 14.7% of total loans as of 30 June 2020 and 14.9% as of 30 September 2020 from 15.1% as of 31 December 2019 and 14.5% as of 31 December 2018. Measured on a comparable basis (using the classifications of the previous period (with loans 30-90 days overdue being classified as Stage 2 loans, and loans 90-180 days overdue being classified as NPLs)), the ratio of Stage 2 loans as a percentage of the Bank's total loans decreased further, to 14.4% as of 30 June 2020 and 14.6% as of 30 September 2020. Meanwhile, coverage increased to 16% (15% when measured on a comparable basis using the classifications from the previous period) as of 30 June 2020 and 17% (16% when measured on a comparable basis using the classifications from the previous period) as of 30 September 2020 compared to 13% as of 31 December 2019 and 11% as of 31 December 2018. The Bank's ratio of Stage 3 loans to total loans increased from 5.5% as of 31 December 2018 to 7.6% as of 31 December 2019, but decreased to 6.7% as of 30 June 2020 (7.1% on a comparable basis, using the classifications of the previous period) and further to 6.1% (6.5% on a comparable basis, using the classifications of the previous period) as of 30 September 2020 , with coverage decreasing from 72% as of 31 December 2018 to 62% as of 31 December 2019, but increasing to 67% and 68% respectively (67% and 66% on a comparable basis) as of 30 June 2020 and 30 September 2020, due to the Bank's prudential and conservative management of risk. The Bank's ratio of Stage 1 loans to total loans decreased from 80% as of 31 December 2018 to 77% as of 31 December 2019, but increased to 79% (79% on a comparable basis) as of each of 30 June 2020 and 30 September 2020. Taking into account the 0.9% coverage for Stage 1 loans as of 30 September 2020, 0.8% as of 30 June 2020, 0.6% as of 31 December 2019 and 0.7% as of 31 December 2018, total provisions per gross loans amounted to 7.4% as of 30 September 2020, 7.5% as of 30 June 2020, 7.2% as of 31 December 2019 and 6.1% as of 31 December 2018.

TAXATION

See the section in the Base Prospectus entitled "Taxation" for the other tax considerations applicable to the Notes.

Certain U.S. Federal Income Tax Considerations

The following summary describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of a Note. This summary deals only with a Note held by a U.S. Holder (as defined below) whose functional currency is the U.S. dollar that acquires the Note in this Offering from the Joint Bookrunners at a price equal to the issue price of the Notes (the first price at which a substantial amount of the Notes is sold for money to investors) and holds it as a capital asset. This summary does not address all aspects of U.S. federal income taxation that may be applicable to particular U.S. Holders subject to special U.S. federal income tax rules, including, among others, tax-exempt organisations, financial institutions, dealers and traders in securities or currencies, U.S. Holders that will hold a Note as part of a "straddle," hedging transaction, "conversion transaction" or other integrated transaction for U.S. federal income tax purposes, U.S. Holders that enter into "constructive sale" transactions with respect to the Notes, U.S. Holders liable for alternative minimum tax and certain U.S. expatriates. In addition this summary does not address consequences to U.S. Holders of the acquisition, ownership and disposition of a Note under any other U.S. federal tax laws (e.g. Medicare, estate or gift tax laws) or under the tax laws of any state, locality or other political subdivision of the United States or other countries or jurisdictions.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note that is for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the United States, (b) a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (d) a trust that is subject to U.S. tax on its worldwide income regardless of its source.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds a Note, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Therefore, a partnership holding a Note and its partners should consult their own tax advisors regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of a Note.

The discussion below is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury Regulations thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this Prospectus and any of which may at any time be repealed, revoked or modified or subject to differing interpretations, potentially retroactively, so as to result in U.S. federal income tax consequences different from those discussed below.

The summary of the U.S. federal income tax consequences set out below is for general information only. Prospective purchasers should consult their tax advisors as to the particular tax consequences to them of owning the Notes, including the applicability and effect of state, local, foreign and other tax laws and possible changes in tax law.

Characterization and Treatment of the Notes

Whether a debt instrument is treated as debt (and not equity or some other instrument or interest) for U.S. federal income tax purposes is an inherently factual question and no single factor is determinative. To the extent the Issuer is required to take a position, the Issuer intends to treat the Notes as indebtedness for U.S. federal income tax purposes, although no assurances can be given, with respect to such treatment. The following discussion assumes that such treatment will be respected. If the treatment of the Notes as indebtedness is not upheld, it may affect the timing, amount and character of income to a U.S. holder.

Accelerated Accrual

U.S. Holders that maintain certain types of financial statements and use the accrual method of accounting for U.S. federal income tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on their financial statements. The application of this rule may require U.S. Holders that maintain such financial statements to include certain amounts realized in respect of the Notes in

income earlier than would otherwise be the case under the rules described in this summary, although the precise application of this rule is not entirely clear at this time. However, recently released proposed regulations generally would exclude, among other items, original issue discount and market discount (in either case, whether or not de minimis) from the applicability of this rule. Although the proposed regulations generally will not be effective until taxable years beginning on or after the date on which the final regulations are published in the U.S. Federal Register, taxpayers generally are permitted to elect to rely on their provisions currently. U.S. Holders that use the accrual method of accounting should consult with their tax advisors regarding the potential applicability of this rule to their particular situation.

Payments of interest

The Issuer does not expect the Notes to be, and this discussion assumes that the Notes will not be, issued with original issue discount ("**OID**"). Payments of stated interest on the Notes, including additional amounts, if any, generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. Interest paid on a Note and any additional amounts generally will constitute foreign source income for U.S. federal income tax purposes and generally will be considered "passive" income, which is treated separately from other types of income in computing the foreign tax credit that may be allowable to U.S. Holders under U.S. federal income tax laws. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Sale, exchange and redemption of Notes

Upon the sale, exchange, redemption, retirement at maturity or other taxable disposition of a Note, a U.S. Holder generally will recognise taxable gain or loss equal to the difference, if any, between the amount realised on the sale, exchange, redemption, retirement or other disposition, other than accrued but unpaid interest which will be taxable as interest, and the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Note generally will equal the amount paid for the Note. Gain or loss recognised by a U.S. Holder on the sale, exchange or other disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. The deductibility of capital losses is subject to significant limitations. Gain or loss realised by a U.S. Holder on the sale, exchange, redemption, retirement or other disposition of a Note generally will be U.S. source. U.S. Holders should consult their own advisors about the availability of U.S. foreign tax credits or deductions with respect to any Turkish taxes imposed upon a disposition of Notes.

Substitution or variation of the Notes

If a Tax Event or a Capital Disqualification Event occurs, the Issuer may, instead of redeeming the Notes, at any time either substitute the Notes or vary their terms accordingly, provided that they remain or, as appropriate, so that they become, Qualifying Tier 2 Securities. See *"Terms and Conditions of the Notes—Redemption and Purchase—Condition 8.5 Subtitution or Variation Instead of Redemption"*. It is possible that any such substitution or variation may result in certain adverse U.S. federal income tax consequences to U.S. Holders including treating such substitution or variation as resulting in a deemed sale of the Notes in which gain and potentially not loss is recognized and/or notes received in connection with such deemed exchange being treated as issued with OID. U.S. Holders are urged to consult their tax advisors regarding any potential adverse tax conseqences that my result from a substitution or variation of the Notes.

Further Issues

The Issuer may, without the consent of the Noteholders, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series of the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even though the Issuer does not expect the original Notes to be issued with OID. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Information reporting and backup withholding

Information returns may be filed with the IRS (unless the U.S. Holder establishes, if requested to do so, that it is an exempt recipient) in connection with payments on the Notes, and the proceeds from the sale, exchange or

other disposition of Notes. If information reports are required to be made, a U.S. Holder may be subject to U.S. backup withholding if it fails to provide its taxpayer identification number, or to establish that it is exempt from backup withholding. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS.

U.S. Holders should consult their own tax advisors regarding any filing and reporting obligations they may have as a result of their acquisition, ownership or disposition of Notes.

Foreign Asset Reporting

Certain U.S. Holders who are individuals (and some specified entities) are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the Notes.

THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE INVESTMENT IN THE NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS. THIS DISCUSSION IS BASED UPON LAWS AND RELEVANT INTERPRETATIONS THEREOF IN EFFECT AS OF THE DATE OF THIS PROSPECTUS.

SUBSCRIPTION AND SALE

None of the Issuer and the Joint Bookrunners represents that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. The Issuer intends to offer the Notes through the Joint Bookrunners and their broker-dealer affiliates, as applicable, named below. Subject to the terms and conditions stated in a subscription agreement dated on or about 20 January 2021 (the "**Subscription Agreement**"), among the Joint Bookrunners and the Issuer, each of the Joint Bookrunners has severally agreed to purchase, and the Issuer has agreed to sell to each of the Joint Bookrunners, the principal amount of the Notes set forth opposite each Bookrunner's name below.

	Principal Amount of Notes
Joint Bookrunners	*(U.S. dollars)*
BNP Paribas	83,334,000
HSBC Bank plc	83,334,000
J.P. Morgan Securities plc	83,333,000
Merrill Lynch International	83,333,000
MUFG Securities EMEA plc	83,333,000
UniCredit Bank AG	83,333,000
Total	500,000,000

The Subscription Agreement provides that the obligations of the Joint Bookrunners to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The Joint Bookrunners must purchase all the Notes if they purchase any of the Notes. The offering of the Notes by the Joint Bookrunners is subject to receipt and acceptance and subject to the Joint Bookrunners' right to reject any order in whole or in part.

The Issuer has been informed that the Joint Bookrunners propose to resell the Notes at the offering prices set forth on the cover page of this Prospectus within the United States to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A) in reliance upon Rule 144A, and to non-U.S. persons outside the United States in reliance upon Regulation S. See "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus. The prices at which the Notes are offered may be changed at any time without notice.

Selling Restrictions

The selling restrictions set out in "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus shall continue to apply, except that, for the purposes of this Prospectus:

(i) the "*Prohibition of sales to EEA and UK Retail Investors*" selling restriction shall not apply and instead the following shall apply:

"***Prohibition of sales to EEA Retail Investors***

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.";

and

(ii) the "*United Kingdom*" selling restriction shall be supplemented by the following:

"*Prohibition of sales to UK Retail Investors*

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.*"*

Broker commissions

To the extent permitted by local law, the Joint Bookrunners and Issuer have agreed that commissions may be offered to certain brokers, financial advisors and other intermediaries based upon the amount of investment in the Notes purchased by such intermediary and/or its customers. Each such intermediary is required by law to comply with any disclosure and other obligations related thereto, and each customer of any such intermediary is responsible for determining for itself whether an investment in the Notes is consistent with its investment objectives.

GENERAL INFORMATION

The Bank is registered at the Istanbul Trade Registry under number 32736. It has its principal office at Yapı Kredi Plaza, D Blok, Levent 34330 Istanbul, Republic of Turkey. Its telephone number is +90 212 339 7011 and its website is https://yapikredi.com.tr. The Legal Entity Identifier of the Bank is B85ZYWEZ5IZCZ2WNIO12.

Authorisation

The establishment of the Programme and the issuance and sale of the Notes by the Issuer and the execution and delivery by the Issuer of the documents in relation thereto have been authorised pursuant to the authority of the officers of the Issuer under resolutions of its Board of Directors dated 4 September 2013, 27 November 2013, 10 February 2014, 26 February 2015, 25 February 2016, 22 February 2017, 26 February 2018, 20 February 2019 and 20 February 2020.

Listing

Application has been made to list the Notes on Euronext Dublin, through the Listing Agent, Arthur Cox Listing Services Limited ("**ACLSL**"). ACLSL is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission to the Official List or to trading on the Regulated Market. It is expected that admission of the Notes to listing on the Official List and to trading on the Regulated Market will be granted on or about 22 January 2021, subject only to the issue of the Notes. The total expenses related to the admission to trading of the Notes are expected to be approximately EUR 4,800.

Clearing Systems

The Unrestricted Global Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg (ISIN XS2286436451 and Common Code 228643645). Application has been made for acceptance of the Restricted Global Certificate into DTC's book-entry settlement system (ISIN US984848AN12, Common Code 228890758 and CUSIP 984848 AN1).

Significant or Material Adverse Change

Save for the impact of the COVID-19 pandemic on the Issuer and the Group (as further described in the sections of the Base Prospectus headed "*Risk Factors—Risks Related to the Group's Business—The Group is subject to risks related to the future evolution of and response to the COVID-19 pandemic that may materially and adversely affect its business, results of operations, prospects and financial condition*", "*Risk Factors—Risks Related to Turkey—Turkey's economy may be impacted by disruptions resulting from the COVID-19 pandemic*", "*Recent Developments—COVID-19 Update*" and "*Turkish Regulatory Environment—Additional COVID-19-Related Temporary Measures*", and in the Interim BRSA Financial Statements which are incorporated by reference herein), there has been no material adverse change in the financial position or prospects of either the Issuer or the Group since 31 December 2019, being the end of the last financial period for which the Group's audited financial statements have been published. There has been no significant change in the financial performance or position of either the Issuer or the Group since 30 September 2020.

Financial Statements and Auditor

The Annual BRSA Financial Statements incorporated by reference into this Prospectus have been audited, without qualification (i) as of and for the year ended 31 December 2019, in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA in the Official Gazette No. 29314 dated 2 April 2015 and with the Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "**POA**"), by PwC, located at BJK Plaza, Süleyman Seba Caddessi No: 48, B Blok, Kat: 9 Akaretler Beşiktaş 34357, Istanbul, Republic of Turkey, as stated in the convenience translations into English of the relevant PwC report incorporated by reference into this Prospectus, (ii) as of and for the year ended 31 December 2018, in accordance with the communiqué "Independent Audit of Banks" published by the BRSA in the Official Gazette No. 29314 dated 2 April 2015 and with the Independent Auditing Standards which is a part of the Turkish Auditing Standards promulgated by the POA and (iii) as of and for the year ended 31 December 2017, in accordance with the communiqué "Independent Audit of Banks" published by the BRSA in the Official Gazette

No. 29314 dated 2 April 2015 and with the Independent Auditing Standards which is a part of the Turkish Auditing Standards promulgated by the POA.

The Interim BRSA Financial Statements as of and for the nine month period ended 30 September 2020 and the nine month period ended 30 September 2019 incorporated by reference into this Prospectus have been reviewed in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". See the English convenience translations of the relevant PwC reports incorporated by reference herein. With respect to the unaudited interim BRSA Financial Statements as of and for the nine month period ended 30 September 2020 and the nine month period ended 30 September 2019, PwC has reported that it applied limited procedures in accordance with professional standards for a review of such information; however, its report states that it did not audit and does not express an opinion on such interim financial information.

Pursuant to the Turkish Commercial Code, independent auditors can be appointed up to a total term of seven years (either consecutive or separately) within a 10 year period. Following the expiration of the seven year term, the same independent auditor cannot be appointed for the same company at least for three years. The Bank appointed PwC as its independent auditor effective as of 1 January 2017, and for a term of three years. The Bank renewed PwC's appointment as independent auditor for an additional term of one year, effective 1 January 2020.

The Bank's financial statements are prepared on a quarterly basis, semi-annual and annual basis in accordance with BRSA.

Litigation

Save as disclosed on page 207 under the title "*Legal Proceedings*" of the Base Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), which may have, or have had, during the 12 months prior to the date of this Prospectus, a significant effect on the Group's consolidated financial position or profitability.

Documents Available

The following documents will be available in electronic form for inspection (in English except as specified) for so long as the Notes are outstanding on the Bank's website at https://www.yapikrediinvestorrelations.com/en/debt-capital-markets/detail/MTN-Programme/34/1720/0:

- the Bank's articles of association (as amended from time to time) (English translations);
- when published, 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 the convenience translation into English and together with any audit or review reports prepared in connection therewith. The Issuer currently prepares audited consolidated and unconsolidated financial statements in accordance with BRSA Principles on an annual basis, audited consolidated and unaudited unconsolidated financial statements in accordance with IFRS on an annual basis, unaudited consolidated and unconsolidated interim financial statements in accordance with BRSA Principles on a quarterly basis, and unaudited consolidated interim financial statements in accordance with IFRS on a semi-annual basis (though the Issuer's IFRS financial statements do not constitute a part of, and are not incorporated by reference into, this Prospectus);
- the Deed of Covenant; and
- a copy of this Prospectus and the Base Prospectus.

The convenience translations into English of copies of the latest audited annual and unaudited half-yearly interim reports of the Bank delivered pursuant to Condition 4 may be obtained from the registered office of the Issuer.

The translations from Turkish into English of the Bank's articles of association and financial statements referred to above are direct and accurate. In the event of a discrepancy, the original version prevails.

Material Contracts

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

Interests in the Offer

Save as described in "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus and except for the fees payable to the Joint Bookrunners, the Fiscal Agent and the other Agents, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest that is material to the issue of the Notes.

Foreign Text

The language of this Prospectus is English. Certain legislative 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.

ISSUER

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Yapı Kredi Plaza D Blok
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Republic of Turkey

FISCAL AGENT

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United Kingdom

REGISTRAR

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(to the Joint Bookrunners as to Turkish law)

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(to the Issuer as to English and U.S. law)

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United Kingdom

(to the Issuer as to Turkish law)

GKC Partners
Ferko Signature
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34394 Levent, İstanbul
Republic of Turkey

AUDITORS TO THE ISSUER

Güney Bağimsiz Denetim ve Serbest Muhasebeci Mali Müsavirlik A.Ş.,
a member firm of Ernst & Young Global Limited
Maslak Mahallesi
Eski Büyükdere Caddesi No: 27
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Kat: 2-3-4, Sariyer/Istanbul
Republic of Turkey

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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Süleyman Seba Caddesi No: 48
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Kat: 9, Akaretler Beşiktaş 34357/Istanbul
Republic of Turkey

LISTING AGENT

Arthur Cox Listing Services Limited
Ten Earlsfort Terrace
Dublin 2
Ireland

Yapı ve Kredi Bankası A.Ş.

U.S.$ 500,000,000 **Fixed Rate Resettable Tier 2 Notes due 2031**

PROSPECTUS

20 January 2021

Joint Bookrunners

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