

SECOND SUPPLEMENT dated 30 June 2017 to the Base Prospectus dated 25 April 2017



TÜRKİYE GARANTİ BANKASI A.Ş.
€5,000,000,000
Global Covered Bond Programme

This supplement (this “**Supplement**”) is supplemental to, and must be read in conjunction with, the Base Prospectus dated 25 April 2017 (the “**Original Base Prospectus**” and, as supplemented on 15 May 2017, the “**Base Prospectus**”) prepared by Türkiye Garanti Bankası A.Ş. (the “**Issuer**”) under the Issuer’s global covered bond programme. Capitalised terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Base Prospectus.

This Supplement has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC as amended (including the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”). The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This document constitutes a supplement for the purposes of Article 16 of the Prospectus Directive and has been prepared and published for the purposes of updating the Base Prospectus in respect of certain recent events in connection with the Issuer. As a result, certain modifications to the Base Prospectus are hereby being made.

Statements contained herein shall, to the extent applicable and whether expressly, by implication or otherwise, modify or supersede statements set out in, or previously incorporated by reference into, the Base Prospectus. Where there is any inconsistency between the information contained in (or incorporated by reference into) the Base Prospectus and the information contained herein, the information contained herein shall prevail.

Except as disclosed herein, there has been no: (a) significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus since the publication of the Base Prospectus, (b) significant change in the financial or trading position of either the Group or the Issuer since 31 March 2017 and (c) material adverse change in the financial position or prospects of either the Group or the Issuer since 31 December 2016.

The Issuer accepts responsibility for the information contained herein. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and contains no omission likely to affect the import of such information. None of the Dealers or the Arrangers make any representation, express or implied, or accept any responsibility, for the contents hereof.

AMENDMENTS

The following amendments are made to the Base Prospectus:

RISK FACTORS

The sections entitled “*Risks relating to the Cover Pool*” starting on page 15 of the Original Base Prospectus, “*Risks relating to the Covered Bonds Communiqué*” starting on page 21 of the Original Base Prospectus, “*Risks relating to the Transaction Documents*” starting on page 23 of the Original Base Prospectus, “*Market Risks associated with Investments in the Covered Bonds*” starting on page 50 of the Original Base Prospectus and “*Risks relating to Covered Bonds generally*” starting on page 52 of the Original Base Prospectus are hereby deleted in their entirety and replaced by the language set out on Schedule A hereto, with the remainder of the Base Prospectus being interpreted accordingly.

GENERAL DESCRIPTION OF THE PROGRAMME

The section entitled “*General Description of the Programme*” starting on page 65 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the language set out on Schedule B hereto, with the remainder of the Base Prospectus being interpreted accordingly.

FORM OF THE COVERED BONDS

The section entitled “*Form of the Covered Bonds*” starting on page 109 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the language set out on Schedule C hereto, with the remainder of the Base Prospectus being interpreted accordingly.

FORM OF APPLICABLE FINAL TERMS

The section entitled “*Form of Applicable Final Terms*” starting on page 114 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the language set out on Schedule D hereto, with the remainder of the Base Prospectus being interpreted accordingly.

TERMS AND CONDITIONS OF THE COVERED BONDS

The section entitled “*Terms and Conditions of the Covered Bonds*” starting on page 127 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the language set out on Schedule E hereto, with the remainder of the Base Prospectus being interpreted accordingly.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The section entitled “*Description of the Transaction Documents*” starting on page 164 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the language set out on Schedule F hereto, with the remainder of the Base Prospectus being interpreted accordingly.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The section entitled “*Subscription and Sale and Transfer and Selling Restrictions*” starting on page 288 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the language set out on Schedule G hereto, with the remainder of the Base Prospectus being interpreted accordingly.

SCHEDULE A

RISK FACTORS

Risks relating to the Cover Pool

The Covered Bonds will constitute direct, unconditional and unsubordinated obligations of the Issuer, backed by the Transaction Security. As such, an investment in the Covered Bonds represents exposure to both the creditworthiness of the Issuer and assets comprising the Cover Pool. The following discusses certain risks relating to the value of the Cover Pool.

Insufficient Cover Pool - The value of the Cover Pool might be insufficient to ensure payment of all of the Issuer's obligations under the Transaction Documents

The Issuer is required under the Covered Bonds Communiqué to comply with certain cover matching principles (*i.e.*, the Statutory Tests) as long as any Covered Bond is outstanding. Under the Covered Bonds Communiqué, if the Cover Pool does not fulfil any of the Statutory Tests, then the Issuer is required to rectify such non-compliance within one month of its detection of the occurrence of such breach (including, for a Statutory Test Date, within one month of such Statutory Test Date).

As part of the Statutory Tests, the Covered Bonds Communiqué requires that the Issuer ensure that the net present value of the Cover Pool Assets exceeds at all times, by at least 2%, the net present value of the Total Liabilities. See “*Summary of the Turkish Covered Bonds Law.*” Furthermore, the Issuer has covenanted in the Security Agency Agreement to ensure that the Nominal Value of the Cover Pool is not less than the product of: (a) the Turkish Lira Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds outstanding and (b) the sum of one plus the decimal equivalent of the highest then-existing Required Overcollateralisation Percentage among all then-outstanding Series. While such percentage might differ for different Series depending upon their applicable ratings and Relevant Rating Agencies and other factors, the Issuer will (at any applicable time) be required to satisfy the highest Required Overcollateralisation Percentage then applicable among all the outstanding Series. In addition, the Required Overcollateralisation Percentage for a Series can change from time to time, including being reduced in the manner described in “*General Description of the Programme - Programme Description - Required Overcollateralisation Percentage.*”

The ability of the Issuer to satisfy the Statutory Tests and maintain the overcollateralised portion of the Cover Pool might be dependent upon factors that are beyond the control of the Issuer; for example, the performance of the Turkish housing market.

If an Administrator is appointed for the administration of the Cover Pool pursuant to Article 27 of the Covered Bonds Communiqué and the Administrator deems it necessary for the benefit of the Covered Bondholders, the Administrator may recommend to the CMB that the Covered Bonds be redeemed early and, if the CMB deems it appropriate, the Administrator (without the consent of the Covered Bondholders) may perform the liquidation of the Cover Pool Assets and instruct or cause the Issuer to make an early redemption of the Covered Bonds in whole or in part. This could result in the Covered Bondholders (and Receiptholders and Couponholders) receiving payment according to a schedule that is different than that contemplated by the terms of the Covered Bonds (with accelerations as well as delays) or that the Covered Bondholders (and Receiptholders and Couponholders) are not paid in full.

In addition, in order for the payment of the Total Liabilities on their due dates, the Administrator is entitled to sell Cover Pool Assets, purchase new assets, utilise loans or conduct repurchase transactions without any early redemption decision. This could result in the Covered Bondholders (and Receiptholders and Couponholders) receiving payment according to a schedule that is different than that contemplated by the terms of the Covered Bonds or that the Covered Bondholders (and Receiptholders and Couponholders) are not paid in full.

“*Total Liabilities*” has the meaning given to such term in the Covered Bonds Communiqué (as of the date hereof, the aggregate of all liabilities owed by the Issuer in respect of the Covered Bonds (including Receipts and Coupons) and derivative instruments (if any) registered in the Cover Register).

Changes in Value of Mortgaged Property - The collateral securing the Mortgage Assets might decline in value,

which might result in the Cover Pool being insufficient to ensure payment of all of the Issuer's obligations under the Transaction Documents

As loan-to-value ratio limits are imposed by the Issuer when a Mortgage Asset is originated, the value of the individual loan obligation is initially overcollateralised by the mortgage held by the Issuer in respect of such loan; *however*, the value of the mortgaged property might reduce over time as a result of various reasons, including falling property values and inadequate maintenance.

The Covered Bonds Communiqué requires the Issuer to monitor the general changes in the property prices securing the Mortgage Assets and determine the ratio of such change (the “*Property Price Change Ratio*”) annually at the end of each calendar year based upon a generally accepted index, if available. As of the date of this Base Prospectus, the index used by the Issuer is the Property Price Index (*Konut Fiyat Endeksi*) (the “*KFE*”) released by the Central Bank on a monthly basis. The calculation of the KFE is based upon the price data of all the properties sold in Turkey irrespective of the construction year of the properties. The price data is obtained from valuation reports prepared for the purpose of evaluating mortgage loan applications made to 10 Turkish banks (which might include the Issuer). If the Issuer identifies a decline in the property prices within a specific geographical region or in Turkey in general, then it must decrease the value of the relevant property for calculating collateral value by applying the Property Price Change Ratio and re-calculating whether the Cover Pool Assets comply with the requirements of the Covered Bonds Communiqué. Correspondingly, though not mandated by the Covered Bonds Communiqué, the Issuer might apply a higher valuation at a future date if the selected index demonstrates an increase in property prices. Any declines in the value of the mortgage collateral might result in the Cover Pool being insufficient to ensure payment of all of the Issuer's obligations under the Transaction Documents, and any increases in the value of the mortgage collateral might enable the Issuer to include fewer assets in the Cover Pool and/or issue additional Covered Bonds against the value of the Cover Pool.

Realisable Value of the Cover Pool - There are various factors that might negatively affect the realisable value of the Cover Pool or any part thereof

If an Event of Default occurs and a Notice of Default is served on the Issuer, then the Security Agent will (upon instructions from the Covered Bondholder Representative) be entitled to enforce the security interests over the Security Assignment Security granted by the Issuer in favour of the Security Agent under and pursuant to the terms of the Security Assignment and the other Non-Statutory Security, and the proceeds from the realisation of the Transaction Security will be applied towards payment of the Issuer's obligations under the Transaction Documents in the manner provided in the Transaction Documents and the Covered Bonds Communiqué; *it being understood* that the Security Agent does not have a security interest over the portion of the Transaction Security that is included in the Cover Pool, which is subject to liquidation pursuant to the provisions of the Covered Bonds Communiqué (see “*Risks relating to the Covered Bonds Communiqué - No Direct Security Interest in Favour of Covered Bondholders in the Cover Pool*”).

The realisable value of the Mortgage Assets and their related security included in the Cover Pool might be reduced by (*inter alia*): (a) default by Borrowers, (b) changes to the lending criteria of the Issuer and (c) possible changes in Applicable Law, some of which factors are considered in more detail below. While the Statutory Tests, the Required Overcollateralisation Percentages and the Individual Asset Eligibility Criteria are intended to ensure that there will be an adequate amount of Mortgage Assets and other assets in the Cover Pool to enable the repayment of the Covered Bonds following service of a Notice of Default, there is no assurance that the Mortgage Assets or other Transaction Security could be realised for sufficient value to enable the Issuer's obligations under the Transaction Documents to be paid in full.

“*Applicable Law*” means, as to any person, any law, executive order, decree, treaty, rule or regulation or determination of an arbitrator or a court or other governmental authority, in each case applicable to or binding upon such person and/or any of its property or to which such person and/or any of its property is subject.

Default by Borrowers - Default by Borrowers in paying amounts due on their Mortgage Assets might result in the value of the Cover Pool being insufficient to ensure payment of all of the Issuer's obligations under the Transaction Documents

Borrowers might default on their obligations under the Mortgage Assets, which defaults might occur for a variety of reasons. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing,

yields on alternative investments, political developments and government policies. Other factors in the Borrowers' individual, personal or financial circumstances might adversely affect the ability of the Borrowers to repay the Mortgage Assets, such as loss of earnings, illness, divorce and other similar factors. In addition, the ability of a Borrower to sell a property given as security for a Mortgage Asset at a price sufficient to repay the amounts outstanding under that Mortgage Asset will depend upon a number of factors, including the availability of buyers for that property, the value of that property and the ability and willingness of potential buyers to obtain a mortgage at the time. Any of such circumstances could result in the value of the Cover Pool being insufficient to ensure payment of the Issuer's obligations under the Transaction Documents.

Insurance of Mortgage Assets - Insurance with respect to a mortgaged property might be insufficient to cover the remaining obligations of a Borrower under the related Mortgage Asset

As a matter of Turkish law, each Borrower of a Mortgage Asset is required to maintain earthquake insurance for the related real property (subject, as of the date of this Base Prospectus, to a maximum claim of TL 170,000) and they are also permitted to enter into life insurance policies that name the Issuer as the primary loss payee in order to secure their obligations under such Mortgage Asset. Any amounts received by the Issuer under such insurance might be insufficient to pay off such Mortgage Asset in full, particularly for damage caused by an earthquake on a property with respect to which the related Mortgage Asset exceeds the maximum claim. Such circumstances could result in the value of the Cover Pool being insufficient to ensure repayment of the Issuer's obligations under the Transaction Documents, particularly if such occurs as a result of an earthquake or other catastrophic event that affects a large number of such properties.

Changes in Applicable Law - Possible changes in Applicable Law (including in the Covered Bonds Communiqué) could negatively affect the value of the Cover Pool

The Cover Pool (including the Mortgage Assets included therein) is subject to a number of requirements under the Applicable Laws of Turkey, including those set out in the Covered Bonds Communiqué. These requirements include (without limitation) consumer protection laws, lending criteria requirements, bankruptcy rules and (under the Covered Bonds Communiqué) the Statutory Tests, cover asset eligibility criteria and other measures for the treatment of the Cover Pool. In the event that there are any changes in any of these requirements, including any changes in the Covered Bonds Communiqué that provide for a more lenient monitoring of the Cover Pool, or any new Applicable Laws, then the value of the Cover Pool might be insufficient to ensure payment of the Issuer's obligations under the Transaction Documents.

Secondary Mortgage Market - There is no substantial secondary mortgage loan market in Turkey, which might negatively affect the realisation on the Mortgage Assets

The ability of the Cover Pool to cover payment of the Issuer's obligations under the Transaction Documents might depend upon whether the Mortgage Assets and their related security can be sold, realised or refinanced by the Issuer or the Administrator, as applicable, so as to obtain a sufficient amount to cover such obligations. There is not yet an active and liquid secondary market for mortgage loans in Turkey and there is limited experience in Turkey of selling mortgage loans in distressed scenarios (particularly if, at the time thereof, multiple holders of mortgage loans are in distress, which might occur as a result of general macro-economic or other conditions affecting Turkish lenders generally). Further, no assurance can be given that the CMB or any other regulatory authority will not take action (or that future adverse regulatory developments will not arise) with respect to the enforcement, sale or disposal of the Mortgage Assets. Any such action or developments might have a material adverse effect on the realisable value of the Mortgage Assets and ultimately adversely affect whether the value of the Cover Pool is sufficient to ensure payment of the Issuer's obligations under the Transaction Documents.

Reliance on Hedging Counterparties - The Hedging Counterparties might not make payments under the Hedging Agreements and/or the Hedging Agreements might be terminated, which might result in the value of the Cover Pool being insufficient to ensure payment of all of the Issuer's obligations under the Transaction Documents

To provide a hedge against possible variances in the rates of interest payable on or currency risks associated with the Mortgage Assets and/or the Covered Bonds, the Issuer may enter into one or more Interest Rate Swap(s) with one or more Interest Rate Swap Provider(s) and/or one or more Currency Swap(s) with one or more Currency Swap Provider(s) under one or more Interest Rate Swap Agreement(s) and/or Currency Swap Agreement(s), respectively. The rights of the Issuer in, to and under such Hedging Agreements form part of the Cover Pool.

If the Issuer does not make timely payments of some or all of the amounts due under any Hedging Agreement, then the related Hedging Counterparty might not be obligated to make some or all of the corresponding payments to the Issuer under such Hedging Agreement. If a Hedging Counterparty is not obligated to make any of such payments, or if it defaults on its obligations to make such payments, then the value of the Cover Pool might be insufficient to provide for full payment of the Issuer's obligations under the Transaction Documents.

In addition, if any Hedging Agreement is terminated or a new Hedging Agreement is desired, the Issuer might have difficulty finding a new or replacement Hedging Counterparty, particularly one that will permit the maintenance of the credit rating of the Covered Bonds. Any of the Hedging Agreements might have provisions that permit one or both parties to terminate such Hedging Agreement (whether voluntarily, upon the occurrence of certain events or otherwise), or both parties might agree to terminate a Hedging Agreement at any time. Any inability to find a new or replacement Hedging Counterparty might have an adverse effect on the Covered Bonds, including their credit rating.

If a Hedging Agreement terminates (in whole or in part), then the Issuer might be obligated to make a termination payment under such Hedging Agreement to the relevant Hedging Counterparty. There can be no assurance that the Issuer will have sufficient funds available to make such a termination payment, nor can there be any assurance that the Issuer will be able to enter into a replacement Hedging Agreement. If the Issuer is obligated to pay a termination payment under any Hedging Agreement, then such termination payment will rank *pari passu* with amounts due on the Covered Bonds and thus there might be insufficient Cover Pool Assets to make all relevant payments to Covered Bondholders.

If (to the extent applicable) any short-term or long-term debt rating of a Hedging Counterparty falls below any minimum short-term or long-term rating level (as the case may be) prescribed in the relevant Hedging Agreement, then such Hedging Counterparty might be obligated to take one or more of the following actions: (a) provide collateral in support of its obligations under such Hedging Agreement, (b) procure a guarantee of its obligations under such Hedging Agreement from an appropriately rated entity, (c) procure a replacement counterparty, being another appropriately rated entity who takes a transfer of such Hedging Counterparty's obligations under such Hedging Agreement or enters into a replacement Hedging Agreement (*it being understood* that such replacement Hedging Agreement might not be as favourable to the Issuer as the previous Hedging Agreement), and/or (d) take such other actions as shall be agreed in such Hedging Agreement. The timing, extent and availability of such action required to be taken might vary based upon the individual requirements of the Relevant Rating Agency(ies) applicable at the time such Hedging Agreement was entered into and/or the level to which the rating of the relevant Hedging Counterparty has been downgraded.

The Issuer might be obligated under a Hedging Agreement to make payments to the applicable Hedging Counterparty before such Hedging Counterparty makes its corresponding payment into a Non-TL Hedge Collection Account. As such, and notwithstanding the *pro rata* and *pari passu* nature of the Total Liabilities, a Hedging Counterparty might be paid (including from the Transaction Security) before the Covered Bondholders, which (if such Hedging Counterparty does not then make its corresponding payment into a Non-TL Hedge Collection Account) might result in the Covered Bondholders receiving less than a *pro rata* payment with respect to their share of the Total Liabilities.

Copies of Hedging Agreements are available to investors and potential investors in the Covered Bonds, including to review any termination events described in clause (c)(v) of "*Summary of the Turkish Covered Bonds Law - Derivative Instruments.*"

Reliance on Offshore Account Bank - The Offshore Account Bank might suffer a decline in credit quality, which could result in the value of the Cover Pool being insufficient to ensure payment of all of the Issuer's obligations under the Transaction Documents

If there is a decline in the credit quality of the Offshore Account Bank, then the ability of the Secured Creditors to receive full payment of the applicable funds in the Offshore Bank Accounts might be negatively affected. In addition, the Issuer might have difficulty finding a new or replacement Offshore Account Bank if it is required to move the Offshore Bank Accounts, including as a result of an Offshore Account Bank Event. Any such circumstance might have an adverse effect on the Covered Bonds, including their credit rating.

Set-off Risk - Borrowers might have set-off rights that reduce the value of the Mortgage Assets

If the Issuer has entered into transactions (including deposit holding) with a Borrower of a Mortgage Asset,

then such Borrower might, under certain conditions, have a right of set-off of its obligations under such Mortgage Asset against any amounts owed to it by the Issuer (either outside of the bankruptcy of the Issuer or in the event of the bankruptcy of the Issuer).

In accordance with the Turkish Code of Obligations (the “TCO”), set-off between two obligations is possible provided that the obligations are: (a) mutual, (b) of the same kind and (c) due and payable. In addition, the right of set-off must not have been waived contractually by the debtor nor excluded by Applicable Law.

Although the TCO states that the right of set-off may be waived contractually, the Issuer most likely cannot contractually eliminate the Borrowers’ rights to set-off in the arrangements or contracts in connection with its transactions (including deposit-holding and transactions under loan agreements) with the Borrowers, including the loan agreements underlying the Mortgage Assets, as such a waiver of the set-off right likely would be deemed invalid pursuant to the scrutiny applicable to general terms and conditions introduced by the TCO and Turkey’s consumer protection legislation. This scrutiny aims at protecting the weaker party from general terms and conditions that are imposed upon it and that are “unusual,” “unjust,” “onerous” or “unfair.” Any contractual waiver in respect of set-off rights under standardised general terms and conditions, including under form mortgage loans with retail Borrowers, would most likely be judged invalid.

Consequently, this risk should be given consideration based upon its potential impact on the realisable value of the Mortgage Assets. While the Cover Pool envisages overcollateralisation ratios above statutory requirements, no assurance can be given that, if the right of set-off has been duly exercised by one or more Borrower(s) of the Mortgage Assets, the value of the Cover Pool will be sufficient to pay all amounts due and payable under the Covered Bonds.

Ancillary Rights - A court might determine that some or all of the Ancillary Rights are not eligible to benefit from the Statutory Segregation

The Covered Bonds Communiqué includes a “receivable” of a mortgage loan as eligible for Statutory Segregation; *however*, the precise scope of what constitutes a “receivable” for these purposes is unclear. While the Issuer has contractually agreed that the relevant proceeds of Ancillary Rights shall constitute part of the Cover Pool Assets, if it is subsequently judicially determined that all or part of the Ancillary Rights do not constitute “receivables” of Mortgage Assets for the purposes of Article 9 of the Covered Bonds Communiqué, then the obligation of the Issuer to apply the relevant proceeds of such Ancillary Rights in satisfaction of any obligations owed by the Issuer under the Transaction Documents to the Secured Creditors will be an unsecured contractual obligation only and such Ancillary Rights will not be Cover Pool Assets and thus not benefit from Statutory Segregation.

Geographical Risks - The Mortgage Assets are all secured by real property in Turkey, with significant concentrations in certain locations, which might result in increased exposure to potential national or regional economic, catastrophic and other risks

The Mortgage Assets will be secured by real property located only in Turkey. The value of the Cover Pool might decline sharply and rapidly in the event of a general downturn in the value of real property in Turkey or other national risks. Any such downturn thus might result in the value of the Cover Pool being insufficient to ensure payment of all of the Issuer’s obligations under the Transaction Documents.

The Mortgage Assets will likely be concentrated in certain regions of Turkey, principally in İstanbul and Ankara. Certain geographic regions of Turkey might experience weaker regional economic conditions (including on local employment levels and/or wages) and housing markets or be directly or indirectly affected by civil disturbances or natural disasters, including earthquakes. Such conditions could result in regional declines in the value of real property and/or (such as due to declining regional employment) the ability of Borrowers to make payments on their Mortgage Assets. Mortgage Assets in such areas might experience higher rates of loss and delinquency than other Mortgage Assets, which might result in the value of the Cover Pool being insufficient to ensure payment of all of the Issuer’s obligations under the Transaction Documents.

No Due Diligence - None of the Arrangers, the Dealers or (other than the Cover Monitor in the limited manner described herein) any other persons has performed or will perform any due diligence in relation to the Cover Pool

No investigations, searches, audits or other actions in respect of any assets contained or to be contained in the Cover Pool has been or will be performed by the Arrangers, the Dealers, the Agents, the Security Agent or (other

than the Cover Monitor in the limited manner described herein) any other person. The Issuer is obligated to ensure that the Cover Pool fulfils the requirements of the Covered Bonds Communiqué (including the Statutory Tests), the Required Overcollateralisation Percentage and the Individual Asset Eligibility Criteria.

Cover Pool Description - Covered Bondholders will receive limited information on the Cover Pool

While the Security Agency Agreement provides that investors in the Covered Bonds will have access to the Investor Reports and the Cover Monitor Agreement provides that (for issuances made outside of Turkey subject to the delivery by the Cover Monitor and Issuer of certain transmittal letters) Covered Bondholders might obtain copies of the Cover Monitor Reports from the Security Agent, they will not receive detailed statistics or information in relation to the Mortgage Assets, other assets in the Cover Pool or other Transaction Security. It is expected that the constitution of the Cover Pool will frequently change, including due to the Issuer:

- (a) assigning additional Cover Pool Assets to the Cover Pool, and
- (b) removing Cover Pool Assets from the Cover Pool or substituting existing Cover Pool Assets in the Cover Pool.

While each Mortgage Asset added to the Cover Pool will be required to meet the Individual Asset Eligibility Criteria and the requirements of the Covered Bonds Communiqué, the constitution of the Cover Pool is dynamic and there are no assurances that the credit quality of the assets in the Cover Pool will remain the same as of the date of this Base Prospectus or on or after the Issue Date of any Covered Bonds. See “*General Description of the Programme - Creation and Administration of the Cover Pool - Changes to the Cover Pool.*”

Loan Origination Guidelines - The Issuer’s guidelines for originating or acquiring mortgage loans do not ensure that a Borrower will be able to make payment on its mortgage loan, and such guidelines might be waived or become less rigorous

The Mortgage Assets were (and will be) originated (or purchased) by the Issuer pursuant to certain established origination guidelines and, in certain cases, based upon exceptions to those guidelines. It is expected that the Issuer’s lending criteria will generally consider, *inter alia*, the type of property, term of loan, age of applicant, loan-to-value ratio, status of applicant and credit history. The Issuer retains the right to revise its lending criteria from time to time. Although these guidelines have been designed to identify and appropriately assess the repayment risks associated with the origination of mortgage loans, it cannot be ensured that the interest and principal payments due on any Mortgage Asset will be paid when due, or at all, or whether the value of the property securing such Mortgage Asset will be sufficient to otherwise provide for recovery of such amounts.

To the extent exceptions were made to the underwriting guidelines in originating (or purchasing) a Mortgage Asset, those exceptions might increase the risk that principal and interest amounts might not be received or recovered relating to such Mortgage Asset. Compensating factors, if any, that might have formed the basis for making an exception to the underwriting guidelines might not in fact compensate for any additional risk. In addition, the Issuer’s origination guidelines might change over time, including to become less rigorous, which might increase the risk of default by a Borrower under a Mortgage Asset.

Any increased risk that principal and interest amounts might not be received or recovered in respect of the Mortgage Assets could have a material adverse effect on the Issuer’s financial condition, results of operations and/or ability to perform its obligations under the Covered Bonds and/or on whether the value of the Cover Pool is sufficient to ensure payment of all of the Issuer’s obligations under the Transaction Documents.

Risks relating to the Covered Bonds Communiqué

Set out below is a description of material risks relating to the Covered Bonds Communiqué:

Uncertainty of Legal Implementation - The Covered Bonds Communiqué is untested and thus there is uncertainty as to how its provisions will be implemented or interpreted in any legal or regulatory proceedings

The Covered Bonds Communiqué is a relatively new regulation in Turkey and has not yet been the subject of any legal proceedings. In addition, the concept of covered bonds issued under the Covered Bonds Communiqué and governed by foreign law was only quite recently introduced to the Turkish market and it is not certain how the Covered Bonds Communiqué and the relevant provisions of the Turkish insolvency law would be interpreted in judicial, administrative or other relevant practice. Furthermore, the Turkish Covered Bonds Law might be amended or supplemented in a manner that adversely affects the Covered Bonds. The regulatory authorities and courts have

significant discretion over enforcement and interpretation of the Applicable Law and such discretion might be used arbitrarily by the relevant authorities. As a result, no assurance can be given as to the impact of any possible judicial decision or change to the Applicable Law in Turkey (including the Turkish Covered Bonds Law) or administrative or other relevant practice.

While Turkish courts and regulators are generally required to make decisions within the general framework of the Covered Bonds Communiqué, as there are yet no precedents of claims relating to covered bonds being brought before Turkish courts or regulators and the enforcement of covered bond-related claims by Turkish courts and regulators is thus untested, there are uncertainties with regard to the enforcement of matters relating to a covered bond issuance and the Turkish courts' and regulators' approach to such matters. For example, use of enforcement agents is not common in Turkey and whether Turkish courts will accept enforcement agents to act on behalf of investors is not certain.

Furthermore, the interpretation of certain provisions of the Applicable Law of Turkey, in particular commercial, financial and insolvency laws and regulations, is not very well established due to there being little precedent in respect of sophisticated commercial and financial transactions between private parties. These Applicable Laws are subject to changes and interpretation in a manner that cannot currently be foreseen or anticipated, which changes might adversely affect the rights and obligations of the Issuer and/or the Secured Creditors arising in connection with the Programme.

In addition, any change in Applicable Laws or in practice in Turkey, the United Kingdom or any other relevant jurisdiction might adversely impact: (a) the ability of the Issuer to make payments with respect to the Covered Bonds and/or (b) the market price of the Covered Bonds.

See also "*Risks relating to Covered Bonds generally - Enforcement of Judgments.*"

No Direct Security Interest in Favour of Covered Bondholders in the Cover Pool - Covered Bondholders will not have direct remedies against the Cover Pool

While the Security Assignment covers the Offshore Bank Accounts and other Non-Statutory Security, the Covered Bonds Communiqué does not confer a direct security interest in favour of the Security Agent or Covered Bondholders over the Cover Pool. As a result, the Security Agent and Covered Bondholders are not entitled to any direct remedy against the Cover Pool, such as selling the Cover Pool Assets, if the Issuer defaults (including in its payment obligations) under the Covered Bonds. In case the management or administration of the Issuer is transferred to public authorities, its operating permit is cancelled or it declares bankruptcy, the CMB may, but is not obligated to, appoint an Administrator to take the necessary actions pursuant to the Covered Bonds Communiqué for the benefit of the Covered Bondholders. Such an Administrator would have wide powers, including the ability to cause the redemption of the Covered Bonds (in whole or in part) early if it determines, in its discretion and subject to the CMB's approval, that early redemption is in the interests of the Covered Bondholders. See "Summary of the Turkish Covered Bonds Law."

Common Collateral - Covered Bondholders share the Cover Pool with Hedging Counterparties and other Secured Creditors, the claims of which might negatively affect the ability of the Cover Pool to cover all of the amounts payable under the Covered Bonds

As a result of the Covered Bonds Communiqué, the Covered Bondholders, Receiptholders, Couponholders and Hedging Counterparties have the benefit of priority to the Cover Pool upon liquidation or bankruptcy of the Issuer. The fees of the Administrator might also rank *pari passu* with, or even senior to, such claims and (as described in "*General Description of the Programme - Programme Description - Ranking of the Covered Bonds*") the Other Secured Creditors might also have a claim on the Additional Cover. Given the *pari passu* ranking of claims under the Covered Bonds (including Receipts and Coupons) and Hedging Agreements against the Cover Pool under the Covered Bonds Communiqué, and the potential claims of other Secured Creditors against some of the Cover Pool, in the event of the Issuer's liquidation or bankruptcy, the amount available to be paid to Covered Bondholders, Receiptholders and Couponholders out of the Cover Pool on a prioritised basis might be affected by the amounts payable at the relevant time to Hedging Counterparties under Hedging Agreements and such other claimants. To the extent that the Total Liabilities are not met out of the assets in the Cover Pool, the residual claims will (except to the extent payable from the Non-Statutory Security) rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.

Any such residual claims will be subject to certain preferential obligations under Turkish law (including,

without limitation, liabilities that are preferred by reason of reserve and/or liquidity requirements required by Applicable Law to be maintained by the Bank with the Central Bank, claims of individual depositors with the Bank to the extent of any amount that such depositors are not fully able to recover from the SDIF, claims that the SDIF might have against the Bank and claims that the Central Bank might have against the Bank with respect to certain loans made by it to the Bank), which preferential claims might also take seniority over the Non-Statutory Security. In addition: (a) creditors of the Bank benefitting from collateral provided by the Bank will have preferential rights with respect to such collateral and (b) creditors of a foreign branch of the Bank might have preferential rights with respect to the assets of such branch. Any such preferential claims might reduce the amount recoverable by the Covered Bondholders on any dissolution, winding up or liquidation of the Bank and might result in an investor in the Covered Bonds losing all or some of its investment.

Administrator Expenses - The ranking of the Administrator's expenses is unclear

Article 27 of the Covered Bonds Communiqué does not specify whether any liabilities, costs or expenses incurred by the Administrator rank *pari passu* with or senior to the Total Liabilities, including against the Cover Pool. Further, there is no statutory limit specified as to the quantum of any such amounts. If such amounts are determined to rank *pari passu* with or senior to the Total Liabilities or are excessive in amount, then Covered Bondholders might be adversely affected.

Cover Pool Liquidity - The Administrator may raise liquidity to cover some or all of the Total Liabilities, the claims under which liquidity might rank at least pari passu with the claims of the Covered Bondholders

Under the Covered Bonds Communiqué, the Administrator may raise liquidity through the sale of Mortgage Assets and other assets in the Cover Pool to fulfil some or all of the Total Liabilities. In addition, to fulfil some or all of the Total Liabilities on their due dates, the Administrator may utilise loans or conduct repo transactions. Although the Covered Bonds Communiqué does not include any provision specifically in relation to the ranking of the counterparties of such transactions, the claims of the counterparties of those transactions might rank *pari passu* with or senior to the claims of the Covered Bondholders and existing Hedging Counterparties with respect to the Cover Pool Assets, which might have an adverse effect on the ability of the Covered Bondholders to receive payments due to them under the Transaction Documents.

In addition, there can be no assurance as to the actual ability of the Administrator to raise liquidity, whether from the sale of assets or incurrence of obligations, which might result in a failure of Covered Bondholders to receive full and timely payments. There is no assurance as to whether there will be a market for the Cover Pool Assets.

New Issuer - The Covered Bonds and Cover Pool Assets might be transferred to another entity, which would assume the Issuer's obligations under the Covered Bonds

After its appointment pursuant to the Covered Bonds Communiqué, an Administrator may, with the consent of the CMB, transfer (an "Administrator Transfer") all or part of the Cover Pool Assets and the Total Liabilities and any other obligations that benefit from the Cover Pool to another bank or mortgage financial institution within the meaning of the Covered Bonds Communiqué (such mortgage financial institution, an "MFI") that is able to issue covered bonds under the Covered Bonds Communiqué. Upon an Administrator Transfer, the ownership of the relevant Cover Pool Assets would be deemed to have passed to such bank or MFI (the "New Issuer") and the Issuer shall be discharged from the Total Liabilities (or relevant part thereof in the case of a partial transfer) that are assumed by the New Issuer. An Administrator Transfer is not subject to the consent of the Security Agent, Covered Bondholders, Hedging Counterparties, Agents or other Secured Creditors and will not constitute an Event of Default. There is no assurance as to whether there will be an eligible transferee to take over the Total Liabilities and the corresponding Cover Pool Assets after the appointment of an Administrator. See Condition 10.3 (Transfer to Another Institution).

Risks relating to the Transaction Documents

Set out below is a description of material risks relating to the Transaction Documents generally:

Further Issues – The Bank may issue further Covered Bonds of any Series, which would dilute the interests of an existing Covered Bondholder of such Series

As permitted by Condition 16 (*Further Issues*), the Bank may from time to time without the consent of the Covered Bondholders of a Series create and issue further Covered Bonds of that Series; *provided* that (among other

conditions): (a) such further Covered Bonds are fungible with the existing Covered Bonds of such Series for U.S. federal income tax purposes as a result of their issuance being a “qualified reopening” under U.S. Treasury Regulation §1.1275-2(k) and (b) unless such Series is denominated and payable in Turkish Lira, a Rating Agency Confirmation from the Relevant Rating Agency(ies) of all outstanding Series is obtained. To the extent that the Bank issues further Covered Bonds of a Series, the interest of an existing Covered Bondholder of such Series (*e.g.*, in respect of any meeting of holders of the Covered Bonds of that Series (see “-Majority Decisions” below)) will be diluted.

Additional Series – The Bank may from time to time issue additional Series of Covered Bonds, which might dilute the interests of existing Covered Bondholders in the Cover Pool and would dilute their share of Programme-wide voting rights

The Bank may from time to time without the consent of the Covered Bondholders or any other Secured Creditors create and issue additional Series of Covered Bonds; *provided* that (among other conditions), unless such Series is denominated and payable in Turkish Lira, a Rating Agency Confirmation from the Relevant Rating Agency(ies) of all outstanding Series is obtained. To the extent that the Bank issues further Series, the Programme-wide voting rights of the existing Covered Bondholders will be diluted (see “-Programme-level Decisions” below). While the Issuer would continue to be required to comply with the Statutory Tests and the Required Overcollateralisation Percentage for each Series, any such additional issuance might reduce the ability of the Cover Pool to cover repayment of the Issuer’s obligations under the Transaction Documents. See Condition 16 (*Further Issues*).

Limited Rights of Acceleration - Covered Bonds can be accelerated only in limited circumstances

The terms and conditions of the Covered Bonds (the “Conditions”) include a very limited list of Events of Default, the occurrence of which would permit the Covered Bonds to be accelerated. The ability of Covered Bondholders to accelerate the Covered Bonds will thus be very limited. See “General Description of the Programme – Events of Default.”

Amendments without Secured Creditor Consent - The Issuer may make modifications to the Transaction Documents without the consent of the Secured Creditors

The Agency Agreement provides that the Issuer may (without the consent of the other parties thereto and, subject to the provisions of the other applicable Transaction Documents, the other parties thereto and any other Secured Creditors) make amendments to the Conditions or any of the other Transaction Documents under certain circumstances, as more particularly set out in “Description of the Transaction Documents – Agency Agreement – Amendments.” Such amendments might negatively affect one or more of the Covered Bondholders or other Secured Creditors.

Majority Decisions – The Conditions of the Covered Bonds will contain provisions that may permit their modification or waiver without the consent of all of the investors in the applicable Series

The Conditions of the Covered Bonds will contain provisions for calling meetings of Covered Bondholders to consider matters affecting their interests generally, including modifications or waivers of elements thereof. These provisions permit holders of defined percentages of Covered Bonds to bind all Covered Bondholders of a Series, including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to the deciding group. As a result, decisions may be taken by the Covered Bondholders of a Series that are contrary to the preferences of any particular Covered Bondholder.

Programme-level Decisions - Certain decisions of Covered Bondholders may be taken at the Programme level, which decisions might negatively affect one or more Series and/or Covered Bondholders

Any Extraordinary Resolution passed by the necessary Covered Bondholders will be binding upon all the Covered Bondholders, whether or not they are present at any meeting and whether or not they vote on the resolution, and on all Couponholders and Receiptholders. Any such decision might negatively affect one or more Series and/or Covered Bondholders or other Secured Creditors.

Possible Delay in Identifying a Breach - The Cover Monitor calculates the Statutory Tests periodically and might not immediately identify a breach of the Covered Bonds Communiqué

Under the Covered Bonds Communiqué, the Issuer is required to comply with certain criteria in respect of the assets included in the Cover Pool from time to time. While the Covered Bonds Communiqué requires the Issuer

to provide the Cover Monitor with certain information about the assets included in the Cover Pool from time to time and the calculations performed (and the source of the information used in such calculations), the Cover Monitor is only required to monitor certain aspects of the Issuer's compliance with the Covered Bonds Communiqué (see "*Summary of the Turkish Covered Bonds Law*"). The Cover Monitor is required to notify the Issuer if it becomes aware of the Issuer's breach of any such monitored aspects; *however*, the ability of the Cover Monitor to monitor the Issuer's compliance with the Covered Bonds Communiqué is dependent upon the Issuer providing such information to the Cover Monitor on a timely basis and the Cover Monitor adequately performing its role. If the Cover Monitor encounters any obstruction in its access to any such information and documents that it has requested, then it is required by the Covered Bonds Communiqué so to notify the CMB promptly.

If the Issuer is unable to meet its payment obligations under the Covered Bonds fully or partially, then it is required to disclose such situation on its website. Other than the Issuer and (to a limited extent) the Cover Monitor, no person will be appointed to monitor the Cover Pool or the Issuer's compliance with the Covered Bonds Communiqué and the Transaction Documents. Accordingly, time might pass between the actual occurrence of a breach of the Covered Bonds Communiqué and/or the Transaction Documents and the Cover Monitor, the CMB and/or the Covered Bondholders becoming aware of such breach. In addition, any delay in the appointment of an Administrator might result in further delays in the maintenance of the Cover Pool and monitoring compliance with the Statutory Tests.

Extended Final Maturity Dates - The Issuer's obligation to redeem a Series of Soft Bullet Covered Bonds on its Final Maturity Date might be extended

Unless previously redeemed as provided in the Conditions, the Covered Bonds of each Series will be scheduled to be redeemed at their Principal Amount Outstanding on the relevant Final Maturity Date. If the Covered Bonds are not redeemed in full on the relevant Final Maturity Date (or, where Soft Bullet Covered Bonds are subject to an Extended Final Maturity Date, on the relevant Extended Final Maturity Date), then (if such default is not remedied within a period of seven İstanbul Business Days from the due date thereof) the Security Agent may serve a Notice of Default on the Issuer pursuant to the Conditions. Upon the Issuer's receipt of a Notice of Default, the Covered Bonds of each Series shall become immediately due and payable and the Security Agent will be entitled to enforce the security on the Security Assignment Security created pursuant to the Security Assignment.

The applicable Final Terms may provide that the Issuer's obligations under the relevant Covered Bonds to pay the Principal Amount Outstanding on the relevant Final Maturity Date may be deferred past the relevant Final Maturity Date until a later date specified in the applicable Final Terms (*i.e.*, the Extended Final Maturity Date for such Series). In such case, such deferral will occur automatically if the Issuer does not pay the Final Redemption Amount on the relevant Final Maturity Date for such Series as set out in the applicable Final Terms and any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date of such Series may be paid by the Issuer on any Extended Series Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date or as otherwise provided for in the applicable Final Terms.

Notwithstanding anything in the Transaction Documents to the contrary, any non-payment by the Issuer of the Final Redemption Amount on such Series on the Final Maturity Date will not constitute an Event of Default but will (if not cured by the end of the applicable cure period) constitute an Issuer Event. As a result, the extension of the maturity of the Principal Amount Outstanding of a Series of Soft Bullet Covered Bonds to its Extended Final Maturity Date will not result in the right of Covered Bondholders to accelerate payments or take action against the Issuer or the Cover Pool, and no payment will be payable to the Covered Bondholders in that event other than as set out in the Final Terms of the applicable Series of Covered Bonds. In addition, the extension of a Final Maturity Date for a Series to its Extended Final Maturity Date will not result in enforcement action being taken against any Cover Pool Assets; *however*, as described in "*General Description of the Programme - Extended Series Payment Date*," the Available Funds (as described therein) will be applied towards the payment of the deferred amounts in the manner described therein.

Interest will continue to accrue and be payable on any unpaid amounts on each Extended Series Payment Date until the principal amount thereof is repaid in full (whether on the Extended Final Maturity Date or otherwise) in accordance with the Conditions.

If repayment of a particular Series of Soft Bullet Covered Bonds is extended to its Extended Final Maturity Date, then it is possible that other Series of Covered Bonds without an Extended Final Maturity Date (or with an earlier Extended Final Maturity Date) might be fully or partially paid before such Series of Soft Bullet Covered

Bonds.

Rating Agency Confirmation - Certain actions can be taken by the Issuer upon obtaining a Rating Agency Confirmation, which might result in changes to the Transaction Documents or other actions being made without the consent of the Covered Bondholders

The terms of certain of the Transaction Documents provide that, in certain circumstances, the Issuer or the Security Agent, as applicable: (a) can (without the consent of any of the Covered Bondholders) make certain revisions to the Transaction Documents so long as a Rating Agency Confirmation is obtained and (b) must obtain a Rating Agency Confirmation before taking certain actions proposed to be taken. By acquiring the Covered Bonds (or beneficial interests therein), investors will be deemed to have acknowledged and agreed that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that might be of relevance to such investors, including, without limitation, whether any action proposed to be taken by the Issuer, the Security Agent or any other party to a Transaction Document is either: (i) permitted by the terms of the relevant Transaction Document or (ii) in the best interests of, or not prejudicial to, some or all of the Covered Bondholders. As a result, such revisions or actions might be taken without the consent of any of the Covered Bondholders and might adversely affect one or more of the Covered Bondholders.

Any Rating Agency Confirmation might or might not be given at the sole discretion of each Relevant Rating Agency. It also should be noted that, depending upon the timing of delivery of the request and any information needed to be provided as part of any such request, it might be the case that a Relevant Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all, and the Relevant Rating Agency will not be responsible for the consequences thereof. Such confirmation, if given, will be given on the basis of the Relevant Rating Agency's understanding of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the Programme. A Rating Agency Confirmation represents only a restatement of the opinions given, and is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction.

Security and Insolvency Considerations - The assignment under the Security Assignment might be negatively affected by an insolvency of the Issuer

Pursuant to the Security Assignment, the obligations of the Issuer to the Secured Creditors, including the Issuer's obligations under the Covered Bonds, are secured by the Security Assignment Security; provided that, notwithstanding such assignment, the Issuer is entitled to exercise its rights in respect of the English Law Transaction Documents, but subject to the provisions of the English Law Transaction Documents and certain provisions of the Security Assignment.

In certain circumstances, including the occurrence of certain insolvency events in respect of the Issuer, the ability to realise any such security might be delayed and/or the value of the security impaired. There can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Covered Bondholders would not be adversely affected by the application of insolvency laws (including Turkish insolvency laws) with respect to an insolvency of the Issuer, including with respect to any delays in their ability to exercise any rights against the Issuer.

Redemption for Taxation Reasons - Unless provided otherwise in the applicable Final Terms, the Bank will have the right to redeem a Series of Covered Bonds upon the occurrence of certain changes requiring it to pay increased withholding taxes

The withholding tax rate on interest payments in respect of bonds issued by Turkish legal entities outside of Turkey varies depending upon the original maturity of such bonds as specified under Decree No. 2009/14592 dated 12 January 2009, which was amended by Decree No. 2010/1182 dated 20 December 2010 and Decree No. 2011/1854 dated 26 April 2011 (together, the "Tax Decrees"). Pursuant to the Tax Decrees: (a) with respect to bonds with a maturity of less than one year, the withholding tax rate on interest is 10%, (b) with respect to bonds with a maturity of at least one year and less than three years, the withholding tax rate on interest is 7%, (c) with respect to bonds with a maturity of at least three and less than five years, the withholding tax rate on interest is 3%, and (d) with respect to bonds with a maturity of five years and more, the withholding tax rate on interest is 0%. Also, in the case of early redemption, the redemption date could be considered to be the maturity date and withholding tax rates could apply accordingly. Unless provided otherwise in the applicable Final Terms, the Bank will have the right to redeem a Series of Covered Bonds at any time (including in the case of Floating Rate Covered Bonds) at the Early Redemption Amount specified in the applicable Final Terms prior to their Final Maturity Date

(or, if applicable, Extended Final Maturity Date), if: (i) as a result of any change in, or amendment to, the Applicable Laws of a Relevant Jurisdiction or any change in the application or official interpretation of the Applicable Laws of a Relevant Jurisdiction, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series of Covered Bonds (which shall, for the avoidance of doubt, be the date on which the applicable Final Terms is signed by the Bank), on the next Interest Payment Date the Bank would be required to: (A) pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) and (B) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction at a rate in excess of the prevailing applicable rate on such date on which agreement is reached to issue the first Tranche of the relevant Series of Covered Bonds, and (ii) such requirement cannot be avoided by the Bank taking reasonable measures available to it. Upon such a redemption, investors in such Series of Covered Bonds 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 redeemed Covered Bonds and, in the case of any Floating Rate Covered Bonds, the redemption could take place on any day during an Interest Period.

This redemption feature is also likely to limit the market price of the Covered Bonds at any time when the Bank has the right to redeem them as provided in the preceding paragraph, as the market price at such time will generally not rise substantially above the price at which they can be redeemed. This might similarly be true in the period before such time when any relevant change in Applicable Law is yet to become effective.

Settlement Currency - In certain circumstances, investors might need to open a bank account in the Specified Currency of their Covered Bonds, payment might be made in a currency other than as elected by a Covered Bondholder or the currency in which payment is made might affect the value of the Covered Bonds or such payment to the relevant Covered Bondholder

In the case of Turkish Lira-denominated Covered Bonds held other than through DTC, unless an election to receive payments in U.S. Dollars as provided in Condition 5.8 (*U.S. Dollar Exchange and Payments on Turkish Lira-Denominated Covered Bonds held other than through DTC*) is made, holders of such Covered Bonds might need to open and maintain a Turkish Lira-denominated bank account, and no assurance can be given that Covered Bondholders will be able to do so either inside or outside of Turkey. For so long as such Covered Bonds are in global form, any Covered Bondholder who does not maintain such a bank account will be unable to transfer Turkish Lira funds (whether from payments on, or the proceeds of any sale of, such Covered Bonds) from its account at a clearing system to which any such payment is made.

Under Condition 5.8 (*U.S. Dollar Exchange and Payments on Turkish Lira-Denominated Covered Bonds held other than through DTC*), if the Fiscal Agent receives cleared funds from the Bank in respect of Turkish Lira-denominated Covered Bonds held other than through DTC after the relevant time on the Relevant Payment Date, then the Fiscal Agent will use reasonable efforts to pay any U.S. Dollar amounts that Covered Bondholders have elected to receive in respect of such funds as soon as reasonably practicable thereafter. If, for illegality or any other reason, it is not possible for the Fiscal Agent to purchase U.S. Dollars with any Turkish Lira funds received, then the relevant payments in respect of such Covered Bonds will be made in Turkish Lira.

As any currency election in respect of any payment to be made under such Turkish Lira-denominated Covered Bonds for the purposes of Condition 5.8 (*U.S. Dollar Exchange and Payments on Turkish Lira-Denominated Covered Bonds held other than through DTC*) is irrevocable: (a) its exercise might (at least temporarily) affect the liquidity of the applicable Covered Bonds, (b) a Covered Bondholder would not be permitted to change its election notwithstanding changes in exchange rates or other market conditions and (c) if the Fiscal Agent cannot, for any reason, effect the conversion of the amount paid by the Issuer in Turkish Lira, then Covered Bondholders will receive the relevant amount in Turkish Lira.

For Covered Bonds denominated in a Specified Currency other than U.S. Dollars that are held through DTC, if a Covered Bondholder wishes to receive payment in that Specified Currency, then it might need to open and maintain a bank account in the Specified Currency. Any Covered Bondholder who does not maintain such a bank account will be unable to receive payments on such Covered Bonds in the Specified Currency. Absent an affirmative election to receive such payments in the Specified Currency, the Exchange Agent will convert any such payment made by the Issuer in the Specified Currency into U.S. Dollars and the holders of such Covered Bonds will receive payment in U.S. Dollars through DTC's normal procedures. See Condition 5.9 (*Payments on Covered Bonds held through DTC in a Specified Currency other than U.S. Dollars*).

Covered Bondholders will have no recourse to the Bank, any Agent or any other person for any reduction

in value to the holder of any relevant Covered Bonds or any payment made in respect of such Covered Bonds as a result of such payment being made in the Specified Currency or in accordance with any currency election made by that holder, including as a result of any foreign exchange rate spreads, conversion fees or commissions resulting from any exchange of such payment into any currency other than the Specified Currency. Such exchange, and any fees and commissions related thereto, or payment made in the Specified Currency might result in a Covered Bondholder receiving an amount that is less than the amount that such Covered Bondholder might have obtained had it received the payment in the Specified Currency and converted such payment in an alternative manner or if payment had been made in accordance with the relevant currency election.

Optional Redemption - If the Issuer has the right to redeem any Covered Bonds at its option, then this might limit the market price of the Covered Bonds concerned and, in the case of such an early redemption, an investor might not be able to reinvest the redemption proceeds in a manner that achieves a similar effective return

The Final Terms for a Series of Covered Bonds may provide that the Issuer may call all or some portion of such Series for redemption prior to its Final Maturity Date. The Issuer could be expected to call Covered Bonds when its cost of borrowing is lower than the interest rate on such Covered Bonds. At those times, an investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed except through taking on a greater credit risk. Reinvestment risk should be an important element of an investor's consideration in investing in Covered Bonds with a redemption feature. In addition, in the case of any Floating Rate Covered Bonds, the redemption could take place on any day during an Interest Period. See Condition 6.3 (*Redemption at the Option of the Issuer (Issuer Call)*).

This redemption feature is also likely to limit the market price of the Covered Bonds at any time when the Bank has the right to redeem them as provided in the preceding paragraph as the market price at such time will generally not rise substantially above the price at which they can be redeemed. This might similarly be true in the period before such time when any relevant change in Applicable Law is yet to become effective.

Specified Denominations - Investors who invest in Global Covered Bonds in denominations that are not a Specified Denomination might be adversely affected, including if definitive Covered Bonds are subsequently required to be issued

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

If definitive Covered Bonds are issued, then the applicable investors should be aware that definitive Covered Bonds that have a denomination that is not an integral multiple of the minimum Specified Denomination might be illiquid and difficult to trade.

Market Risks associated with Investments in the Covered Bonds

New Market - There has historically been no market for covered bonds from Turkish issuers, the potential future liquidity and market for which is thus uncertain and for which market practices are likely to develop over time

Covered bonds issued under the Covered Bonds Communiqué are new to the market, and to date there have only been a limited number of issuances of covered bonds by Turkish issuers. The Covered Bonds Communiqué thus remains largely untested and the market for covered bonds issued under the Covered Bonds Communiqué is subject to frequent change arising from the development of the market based upon the needs of the issuers and investors in Turkish covered bonds. The entities that will play key roles in the issuance of Covered Bonds, such as the Cover Monitor or the Administrator, if any, might be carrying out their duties with respect to the issuance of Covered Bonds for the first time or have little experience in acting in their respective roles.

This uncertainty might cause changes with respect to certain aspects of the Issuer's Covered Bond issuances in order to comply with changing regulations, including issuances of new Series of Covered Bonds that have different terms than those of then-outstanding Series. The untested market for Turkish covered bonds, and such variations among Series (or among covered bonds issued by different Turkish issuers), might negatively affect the price at which investments in the Covered Bonds could be sold.

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

The Covered Bonds will have no established trading market when issued and one might never develop. If a market does develop, it might not be very liquid. Therefore, investors might not be able to sell their investments in Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. If an active trading market for investments in the Covered Bonds is not developed or maintained, then the market or trading price and liquidity of investments in the Covered Bonds might be adversely affected.

Change of Interest Basis - If the Issuer has the right to convert the interest rate on a Series of Covered Bonds from a fixed rate to a floating rate, or vice versa, then this might affect the secondary market and the market price of such Covered Bonds

Fixed/Floating Rate Covered Bonds are Covered Bonds that bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion with respect to a Series of Covered Bonds, this might affect the secondary market and the market price of such Covered Bonds since the Issuer might be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts such Covered Bonds from a fixed rate to a floating rate in such circumstances, then the spread on such Covered Bonds might be less favourable than then-prevailing spreads on comparable securities tied to the same reference rate. In addition, the new floating rate at any time might be lower than the rates on other Covered Bonds. If the Issuer so converts a Series from a floating rate to a fixed rate in such circumstances, then the fixed rate might be lower than then-prevailing market rates.

Interest Rate Risk - The market price of Covered Bonds might be adversely affected by movements in market interest rates

Investment in Fixed Rate Covered Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Covered Bonds, then this will adversely affect the market price of the Fixed Rate Covered Bonds. Investment in Floating Rate Covered Bonds involves the risk of adverse changes in the market price of such Covered Bonds if the margin of new similar Covered Bonds of the Issuer would be higher.

Market Price Volatility - The market price of an investment in the Covered Bonds might be subject to a high degree of volatility

The market price of an investment in the Covered Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Bank's operating results, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale by the Group of other Covered Bonds or other debt securities, as well as other factors, including the trading market for notes issued by Turkey. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, might adversely affect the market price of an investment in the Covered Bonds without regard to the Bank's financial condition or results of operations.

The market prices of securities issued at a substantial discount or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

The market price of an investment in the Covered Bonds also will be influenced by economic and market conditions in Turkey and, to varying degrees, economic and market conditions in emerging markets generally.

Although economic conditions differ in each country, the reaction of investors to developments in one country might cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investment in Turkey. Crises in other emerging market countries might diminish investor interest in securities of Turkish issuers, including the Bank's, which might adversely affect the market price of an investment in the Covered Bonds.

Risks relating to Covered Bonds generally

Set out below is a description of material risks relating to the Covered Bonds generally:

Credit risk of the Issuer - The Issuer is the sole obligor of the Covered Bonds

The Covered Bonds will be solely obligations of the Issuer and will not be obligations of or guaranteed by the Security Agent, the Cover Monitor, the Offshore Account Bank, the Agents, the Hedging Counterparties, the Arrangers, the Dealers, the Listing Agent or any other person. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Covered Bonds is accepted by any of such entities, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme. A Covered Bondholder's ability to receive payment under the Covered Bonds is dependent upon the Issuer's ability to fulfil its payment obligations, which in turn is dependent upon the strength of the Issuer's business.

Transfer Restrictions - Transfers of investments in the Covered Bonds will be subject to certain restrictions and interests in Global Covered Bonds can only be held through a Clearing System

Although the CMB has issued the CMB Approval authorising the issuance of a maximum amount of Covered Bonds pursuant to the Turkish Covered Bonds Law and other related legislation as debt securities to be offered outside of Turkey and this Base Prospectus has been approved by the Central Bank of Ireland as described herein, the Covered Bonds have not been and are not expected to be registered: (a) under the Securities Act or any applicable state's or other jurisdiction's securities laws or (b) with the SEC or any other applicable state's or other jurisdiction's regulatory authorities. The offering of the Covered Bonds (or beneficial interests therein) will be made pursuant to exemptions from the registration requirements of the Securities Act and in compliance with other securities laws. Accordingly, reoffers, resales, pledges and other transfers of investments in the Covered Bonds will be subject to certain transfer restrictions. Each investor is advised to consult its legal advisers in connection with any such reoffer, resale, pledge or other transfer. See "*Subscription and Sale and Transfer and Selling Restrictions.*"

Because transfers of interests in the Bearer Global Covered Bonds and Registered Global Covered Bonds (each a "*Global Covered Bond*") can be effected only through book entries at DTC, Clearstream, Luxembourg and/or Euroclear (as applicable) for the accounts of their respective direct participants, the liquidity of any secondary market for investments in the Global Covered Bonds might be reduced to the extent that some investors are unwilling or unable to invest in Covered Bonds held in book-entry form in the name of a direct participant in Euroclear, Clearstream, Luxembourg or DTC, as applicable. The ability to pledge interests in the Covered Bonds (or beneficial interests therein) might be limited due to the lack of a physical certificate. In the event of the insolvency of Euroclear, Clearstream, Luxembourg, DTC or any of their respective participants in whose name interests in the Covered Bonds are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on the Covered Bonds might be impaired.

Change in Applicable Law - The value or market price of the Covered Bonds could be adversely affected by a change in the Applicable Laws of England and Wales or Turkey or in administrative practice in these jurisdictions

The structure of the issue of the Covered Bonds and the ratings that are to be assigned to them are based upon the Applicable Laws of England and Wales and Turkey and administrative practice in effect as of the date of this Base Prospectus, and having regard to the expected tax treatment of all relevant entities under such Applicable Law and practice. No assurance can be given as to the impact of any possible judicial decision or change to the Applicable Laws of England or Turkey (or the Applicable Laws of any other jurisdiction) (including any change in regulation that might occur without a change in the primary legislation) or administrative practice in England and Wales or Turkey after the date of this Base Prospectus nor can any assurance be given as to whether any such change might materially adversely affect the ability of the Issuer to make payments under the Covered Bonds or the value or market price of the Covered Bonds affected by such change.

In particular, the Covered Bonds Communiqué is a relatively new regulation in Turkey and for this reason

there is no available case law. It is unclear how the Covered Bonds Communiqué will be interpreted and what changes or amendments (if any) will be made to it in the future that might affect the Covered Bonds issued under the Programme.

Conflicts of Interest - The Dealers and other parties to the Programme might have multiple interests, which might affect the actions they take with respect to the Programme

Certain parties to the Transaction Documents act in more than one capacity under the Transaction Documents and also might have other credit and/or other relationships (as principal and/or fiduciary) with the Issuer. The fact that these entities fulfil more than one role could lead to a conflict between the rights and obligations of these entities in one capacity and the rights and obligations of these entities in another capacity. In addition, this might also lead to a conflict between the interests of these entities and the interests of the Covered Bondholders. Any such conflict might adversely affect the ability of the Issuer to make payments of principal and/or interest in respect of the Covered Bonds.

In particular, in the ordinary course of their business activities, the Dealers and their respective affiliates might make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities might involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions might adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their respective affiliates might also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and might hold, or recommend to clients that they acquire, long and/or short positions in the Covered Bonds.

Clearing Systems – Reliance upon DTC, Euroclear and Clearstream, Luxembourg procedures

Unless issued in definitive form, the Covered Bonds will be represented on issue by one or more Global Covered Bonds that will be deposited with and (if in registered form) registered in the name of a nominee for a common depository or a common safekeeper, as the case may be, for Euroclear and/or Clearstream, Luxembourg or deposited with and registered in the name of a nominee for DTC (each as defined under “*Form of the Covered Bonds*”). Except in the circumstances described in the applicable Global Covered Bond and Final Terms, investors in a Global Covered Bond will not be entitled to receive Covered Bonds in definitive form. Each of the Clearing Systems and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Covered Bond held through it. While the Covered Bonds are represented by a Global Covered Bond, investors will be able to trade their beneficial interests therein only through the relevant Clearing Systems and their respective participants.

Except in the case of a Registered Global Covered Bond denominated in a Specified Currency other than U.S. Dollars and registered in the name of DTC or its nominee in respect of which a participant in DTC has elected to receive any part of such payment in that Specified Currency, for so long as the Covered Bonds are represented by Global Covered Bonds, the Issuer will discharge its payment obligation thereunder by making payments through the relevant Clearing Systems. A holder of a beneficial interest in a Global Covered Bond must rely upon the procedures of the relevant Clearing System and its participants to receive payments in respect of their interests in the related Covered Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Covered Bond.

Holders of beneficial interests in a Global Covered Bond will not have a direct right to vote in respect of the Covered Bonds so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System and its participants to appoint appropriate proxies or to act directly.

Sanction Targets - Persons investing in the Covered Bonds might have indirect contact with Sanction Targets as a result of the Group’s investments in and business with countries or persons on sanctions lists

The Office of Foreign Assets Control of the U.S. Department of Treasury (“*OFAC*”) administers regulations that restrict the ability of U.S. persons to invest in, or otherwise engage in business with, certain

countries, including Iran and Sudan, and specially designated nationals (“SDNs”), and other United States, United Kingdom, EU and United Nations rules impose similar restrictions (the SDNs and other targets of these restrictions being together the “Sanction Targets”). As the Bank is not a Sanction Target, these rules do not prohibit United States or European investors from investing in, or otherwise engaging in business with, the Bank; *however*, while the Group’s current policy is not to engage in any impermissible business with Sanction Targets, to the extent that the Group invests in, or otherwise engages in business with, Sanction Targets directly or indirectly, investors in the Group might incur the risk of indirect contact with Sanction Targets. In addition, there can be no assurance that current counterparties of the Group will not become Sanction Targets in the future. See “*The Group and its Business – Compliance with Sanctions Laws.*”

SCHEDULE B

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the Conditions of any particular Tranche of Covered Bonds, the applicable Final Terms. This overview only relates to the Conditions of the Covered Bonds as set out in this Base Prospectus. Covered Bonds can be issued under the Programme in a form other than that contemplated in the Conditions, and where any such Covered Bonds are to be: (a) admitted to trading on the Main Securities Market or another regulated market for the purposes of MiFID I or (b) offered to the public in the EEA in circumstances that require the publication of a prospectus under the Prospectus Directive, a supplement to this Base Prospectus or a new prospectus will be prepared and published by the Issuer.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in “*Terms and Conditions of the Covered Bonds*” below or elsewhere in this Base Prospectus shall have the same meanings in this overview.

PRINCIPAL PARTIES

| | |
|------------------------------------|--|
| Issuer | Türkiye Garanti Bankası A.Ş. (<i>i.e.</i> , the Issuer or the Bank). |
| Arrangers | Barclays Bank PLC (“ <i>Barclays</i> ”), NATIXIS (“ <i>NATIXIS</i> ”) and/or any other arrangers appointed from time to time in accordance with the Programme Agreement (together the “ <i>Arrangers</i> ” and, each of them, an “ <i>Arranger</i> ”). |
| Dealer(s) | Barclays, Bayerische Landesbank, BBVA, BNP Paribas, Landesbank Baden-Württemberg, NATIXIS, Société Générale and/or any other dealers appointed from time to time in accordance with the Programme Agreement. Notwithstanding the appointment of Dealers to the Programme, Covered Bonds may be placed directly with investors by the Issuer as indicated in the applicable Final Terms and all descriptions of the Programme in this Base Prospectus shall be interpreted accordingly. |
| Cover Monitor | <p>An entity (the “<i>Cover Monitor</i>”) appointed from time to time pursuant to the Cover Monitor Agreement as an independent monitor to perform certain tests and recalculations in respect of the Statutory Tests when required in accordance with the requirements of the Turkish Covered Bonds Law.</p> <p>The initial Cover Monitor is Güney Bağımsız Denetim ve SMMM A.Ş. (Ernst & Young Türkiye).</p> |
| Offshore Account Bank | <p>The Bank of New York Mellon, London Branch acts as the offshore account bank pursuant to the Offshore Bank Account Agreement (with its successors in such capacity, the “<i>Offshore Account Bank</i>”).</p> <p>The Non-TL Designated Account(s), the Hedge Collateral Account(s), the Non-TL Hedge Collection Account(s) and the Agency Account (together with any additional or replacement accounts opened in the name of the Issuer or the Security Agent, as applicable, and/or for the benefit of the Secured Creditors (or, with respect to the Agency Account, the Reserve Fund Secured Creditors) under the Offshore Bank Account Agreement, the “<i>Offshore Bank Accounts</i>”) have been and/or</p> |

will be established and maintained with the Offshore Account Bank.

In the event that an Offshore Account Bank Event occurs, the Issuer and the Security Agent will use their respective commercially reasonable endeavours to procure that the Offshore Bank Accounts are transferred to another financial institution that has the Offshore Account Bank Required Rating pursuant to an agreement with such institution in substantially the form of the Offshore Bank Account Agreement within a period not exceeding 30 calendar days from the date on which such Offshore Account Bank Event occurs, and the Offshore Account Bank will, at the request and cost of the Issuer, use its commercially reasonable endeavours to assist with the same. The Offshore Account Bank will notify the Issuer of its applicable ratings promptly after the end of each calendar month; *it being understood* that the Issuer is independently responsible for monitoring the Offshore Account Bank's ratings for purposes of determining whether an Offshore Account Bank Event occurs.

In addition, at any time the Bank may, and upon the occurrence of certain events described in the Offshore Bank Account Agreement will (if so instructed by the Security Agent) be obliged to, terminate the then-existing Offshore Bank Account Agreement by notice to the Offshore Account Bank. In the event of any notice of termination of the Offshore Bank Account Agreement, the Offshore Bank Account Agreement provides that: (a) the Offshore Account Bank shall assist the other parties thereto to effect an orderly transition of the banking arrangements documented thereby and (b) the Offshore Bank Account Agreement shall not terminate until a replacement agreement therefore becomes effective with a replacement financial institution that meets the Offshore Account Bank Required Rating and the amount standing to the credit of the Offshore Bank Accounts are transferred to new accounts at such replacement financial institution (which new accounts shall thereafter be the Non-TL Designated Account(s), the Non-TL Hedge Collection Account(s), the Agency Account and the Hedge Collateral Account(s), as applicable).

“*Offshore Account Bank Event*” means the applicable rating of the Offshore Account Bank is no longer at least the Offshore Account Bank Required Rating.

“*Offshore Account Bank Required Rating*” means if the Relevant Rating Agency is: (a) Moody's, a “Baa1” long-term bank deposit rating (local), or (b) another rating agency, the rating applicable to the Offshore Account Bank specified in the Master Definitions and Construction Schedule. Should there be more than one Relevant Rating Agency, then the Offshore Account Bank must satisfy each of the applicable such minimum rating requirements.

Transfer Agent

The Bank of New York Mellon SA/NV, Luxembourg Branch has been appointed pursuant to the Agency Agreement as transfer agent (with its successors in such capacity, the “*Transfer Agent*”).

Registrar.....

The Bank of New York Mellon SA/NV, Luxembourg Branch has been appointed pursuant to the Agency Agreement as registrar (with its successors in such capacity, the “*Registrar*”).

Exchange Agent.....

The Bank of New York Mellon, London Branch has been appointed pursuant to the Agency Agreement as exchange agent (with its successors in such capacity, the “*Exchange Agent*”).

Covered Bond Calculation Agent ...

“*Covered Bond Calculation Agent*” means each person appointed in respect of a Series of Covered Bonds to act as calculation agent under a calculation agency agreement or, if applicable, any successor covered bond calculation agent appointed in accordance with such calculation agency agreement. As of the Programme Closing Date, no Covered Bond Calculation Agent has been appointed.

Calculation Agent.....

The Bank of New York Mellon, London Branch has been appointed as calculation agent (with its successors in such capacity, the “*Calculation Agent*”) pursuant to the calculation agency agreement dated the Programme Closing Date and as amended and restated on 26 April 2016 and 31 May 2017 among the Issuer, the Calculation Agent and the Security Agent (as defined below) (the “*Calculation Agency Agreement*”).

Fiscal Agent.....

The Bank of New York Mellon, London Branch has been appointed to act as fiscal agent and principal paying agent (with its successors in such capacity, the “*Fiscal Agent*”) in respect of the Covered Bonds (together with any other paying agent appointed from time to time pursuant to the Agency Agreement, the “*Paying Agents*”).

Security Agent

The Bank of New York Mellon, London Branch has been appointed as security agent (with its successors in such capacity, the “*Security Agent*”) to hold the benefit of all of the Non-Statutory Security for the Covered Bondholders and the other Secured Creditors under the Transaction Security Documents. Such appointment has been made pursuant to the Security Agency Agreement dated the Programme Closing Date and amended and restated as of 26 April 2016 and 31 May 2017 and made between the Issuer and the Security Agent (the “*Security Agency Agreement*”). See “*Security for the Covered Bonds*” below.

“*Covered Bond*” means each covered bond issued pursuant to the Programme Agreement, which covered bond may be represented by a Covered Bond in definitive form (a “*Definitive Covered Bond*,” a “*Registered Definitive Covered Bond*” if in registered form and “*Bearer Definitive Covered Bond*” if in bearer form) or a Global Covered Bond and includes any replacements for a Covered Bond issued pursuant to Condition 11 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*).

“*Covered Bondholders*” in relation to any Covered Bonds means (in the case of Bearer Covered Bonds) the holders of such Covered Bonds and (in the case of Registered Covered Bonds) the persons in whose name such Covered Bonds are registered and shall, in relation to any Covered Bonds represented by a Global Covered Bond, have the meaning given to such terms in Condition 1.3 (*Title to Covered Bonds*).

As of the date of this Base Prospectus, the Issuer is (in accordance with the Debt Instruments Communiqué) required to inform the Central Registry İstanbul within three İstanbul business days from the applicable Issue Date of a Tranche of Covered Bonds of the amount, Issue Date, ISIN (if any), interest commencement date, maturity date, interest rate, name of the custodian and currency of such Covered Bonds and the country of issuance.

Covered Bonds that are represented by a Global Covered Bond 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 admits, be deemed to include reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Fiscal Agent.

“*Istanbul Business Day*” means a day (other than a Saturday or a Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Istanbul.

Hedging Counterparties.....

The Issuer may, from time to time, enter into Hedging Agreements (as defined below) with one or more hedge provider(s) to hedge certain interest rate risks (each an “*Interest Rate Hedge Provider*”) and/or currency risks (each a “*Currency Hedge Provider*” and, together with the Interest Rate Hedge Providers, the “*Hedging Counterparties*” and each a “*Hedging Counterparty*”) associated with the Cover Pool and/or the Covered Bonds. The rights of the Issuer under any such Hedging Agreement shall form part of the Cover Pool.

Hedging agreements that do not satisfy the requirements of Article 11 of the Covered Bonds Communiqué will not form part of the Cover Pool and hedging counterparties to such hedging agreements will not benefit from the Transaction Security (including the Statutory Segregation over the Cover Pool Assets).

Listing Agent.....

Arthur Cox Listing Services Limited (the “*Listing Agent*”).

Relevant Rating Agencies

“*Relevant Rating Agencies*” means, in respect of each Series of Covered Bonds that is rated, Moody’s and/or such other rating agency(ies) indicated in Part B of the Final Terms in respect of such Series. “*Relevant Rating Agency*” means any one of such rating agencies. For the purpose of clarification, a Series need not be rated.

PROGRAMME DESCRIPTION

Description

€5,000,000,000 Global Covered Bond Programme.

Programme Limit

Up to €5,000,000,000 (or its equivalent in other currencies determined in accordance with the provisions of the Programme Agreement) outstanding at any time as described herein (the “*Programme Limit*”). The Issuer may increase or decrease the Programme Limit in accordance with the terms of the Programme Agreement.

Certain Restrictions.....

Each issue of Covered Bonds denominated in a currency in respect of which particular Applicable Laws apply will only be issued in circumstances that comply with such Applicable Laws (see “*Subscription and Sale and Transfer and Selling Restrictions*”), including the following restriction applicable at the date of this Base Prospectus:

Covered Bonds having an original maturity of less than one year

Covered Bonds having an original maturity of less than one year from their Issue Date will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See “*Subscription and Sale and Transfer and Selling*”

Restrictions.”

Issuance in Series

Covered Bonds will be issued in Series and each Series may be on the same or different terms from each other or fungible with an existing Series of Covered Bonds, subject to the terms set out in the applicable Final Terms in respect of such Series. The Issuer may issue Covered Bonds without the prior consent of the Covered Bondholders or any other Secured Creditors, including pursuant to Condition 16 (*Further Issues*); *provided* that (among other conditions), a Rating Agency Confirmation from the applicable Relevant Rating Agency(ies) is obtained unless such new issuance is denominated and payable in Turkish Lira. To the extent (and in the form) required by Applicable Law, a document to be provided by the CMB to the Issuer before the issuance of a Tranche will be required to be obtained by the Issuer from the CMB before proceeding with any sale and issuance of each Tranche of Covered Bonds.

“*Tranche*” means an issue of Covered Bonds using the same Conditions and Final Terms and that are identical in all respects (including as to listing and admission to trading); *provided* that such may have different amounts, holder(s) and (if applicable) number(s). “*Series*” means a Tranche of Covered Bonds together with any other Tranche(s) of Covered Bonds:

- (a) that are expressed in the applicable Final Terms to be consolidated and form a single series with one or more previous Tranche(s), and
- (b) the Conditions and Final Terms of which are identical in all respects (including as to listing and admission to trading) except for their respective Tranche number, date of consolidation with one or more other Tranche(s), amounts, Issue Dates, Interest Commencement Dates, Issue Prices, distribution information, transfer restriction periods and/or related mechanics, such as different ISIN or other securities numbers.

The expressions “Covered Bonds of the relevant Series,” “holders of Covered Bonds of the relevant Series” and related expressions shall be construed accordingly.

“*Interest Commencement Date*” means, with respect to a Tranche of Covered Bonds, the date specified in the applicable Final Terms from (and including) which the relevant Covered Bonds will accrue interest, which may or may not be their Issue Date.

Final Terms

Final terms (*i.e.*, the Final Terms) for a Tranche will be issued and published in accordance with the Conditions of the Covered Bonds concurrent with the issue of such Tranche detailing certain relevant terms thereof, which, for the purposes of that Tranche only, complete the Conditions.

Conditions Precedent to the Issuance of a new Series or Tranche of Covered Bonds
.....

Pursuant to the Programme Agreement, it is a condition precedent to a Dealer’s purchase of Covered Bonds that (*inter alia*):

- (a) no Potential Breach of Statutory Test, Issuer Event or Event of Default has occurred which is continuing and the proposed issue and purchase of Covered Bonds will not cause a Potential Breach of Statutory Test, Issuer Event or Event of Default to occur,

(b) to the extent required by Condition 16 (*Further Issues*), each Relevant Rating Agency has provided a Rating Agency Confirmation in respect of each Series of Covered Bonds then outstanding (excluding for this purpose Covered Bonds due to be redeemed on or before the proposed Issue Date) for which it is a Relevant Rating Agency, and (if so provided) no Relevant Rating Agency, between the date of such Rating Agency Confirmation and the applicable Issue Date, having downgraded (or given notice or made any public announcement of any intended or potential downgrading, review or surveillance with negative implications of) the rating accorded by such Relevant Rating Agency to the Covered Bonds of any Series, and

(c) the relevant final CMB approved issuance certificate (*ihraç belgesi*) and (to the extent (and in the form) required by Applicable Law), a document to be provided by the CMB before the issuance of a Tranche will be required to be obtained from the CMB by the Issuer before proceeding with any sale and issuance of each Tranche of Covered Bonds.

See Condition 16 (*Further Issues*).

Proceeds of the Issue of Covered Bonds

The net proceeds from each issue of Covered Bonds will be used by the Issuer for its general corporate purposes; *however*, for any particular Series, the Issuer may agree (and so specify in the applicable Final Terms) with the relevant Dealer(s) or investor(s) that the proceeds of the issuance of such Series shall be used for one or more specific purpose(s), such as environmental development or sustainability.

Forms of Covered Bonds.....

The Covered Bonds may be issued in either bearer or registered form; *it being understood* that Global Covered Bonds may be in registered or (other than those held by or on behalf of DTC) bearer form. A Registered Covered Bond may not be exchanged for a Bearer Covered Bond or *vice versa*.

Specified Currency

“*Specified Currency*” with respect to any Series means, subject to any restrictions in Applicable Law, such currency or currencies as may be agreed from time to time by the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s) (as set out in the applicable Final Terms).

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. Dollars shall be paid by transfer by the Fiscal Agent to an account of the Exchange Agent in the relevant Specified Currency for: (a) payment in such Specified Currency or (b) conversion into U.S. Dollars for payment through DTC, in each case in accordance with the provisions of the Agency Agreement.

Except with respect to Covered Bonds held through DTC, payment in respect of Covered Bonds denominated in Turkish Lira may be made in U.S. Dollars subject and pursuant to Condition 5.8 (*U.S. Dollar Exchange and Payments on Turkish Lira-Denominated Covered Bonds held other than through DTC*) if an irrevocable election to receive such payment in U.S. Dollars is made. See “*Terms and Conditions of the Covered Bonds – Condition 5.8 (U.S. Dollar Exchange and Payments on Turkish Lira-Denominated Covered Bonds held other than through DTC)*.”

Denominations

The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s) and set out in the applicable Final Terms, save that the minimum denomination of each Covered Bond to be admitted to trading on a regulated market for the purposes of MiFID I and/or that are to be offered to the public in a Member State in circumstances that would otherwise require the publication of a prospectus pursuant to the Prospectus Directive will be at least €100,000 (or its equivalent in any other currency at the time of issuance) and provided that the minimum denomination of each Covered Bond will be such other amount as is required from time to time by the relevant central bank (or equivalent body) or any Applicable Laws in relation to the relevant Specified Currency and Covered Bonds.

Notwithstanding the above, and unless set forth in the applicable Final Terms otherwise, the minimum denomination of each Definitive IAI Registered Covered Bond and of Covered Bonds sold to Institutional Accredited Investors in the form of a IAI Global Covered Bond will be at least US\$500,000 or its approximate equivalent in the applicable other Specified Currency at the time of issuance.

Redenomination

The applicable Final Terms may provide that certain Covered Bonds issued in a Specified Currency other than euro may be redenominated in euro on a Redenomination Date. If so, the redenomination provisions will be set out in the applicable Final Terms. See Condition 5.10 (*Redenomination*).

“*Redenomination Date*” means, with respect to any Series, any Interest Payment Date under such Series specified by the Issuer in the notice given to the applicable Covered Bondholders pursuant to Condition 5.10 (*Redenomination*) and that falls on or after the date on which the country of the relevant Specified Currency first participates in the third stage of the European economic and monetary union.

Fixed Rate Covered Bonds.....

A Final Terms may provide that the corresponding Covered Bonds will bear interest at a fixed rate (“*Fixed Rate Covered Bonds*”), which will be payable in arrear on one or more Interest Payment Date(s) in each year as may be agreed between the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s) and on redemption and will be calculated on the basis of such Day Count Fraction (as set out in the applicable Final Terms) as may be agreed between the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s).

Floating Rate Covered Bonds.....

A Final Terms may provide that the corresponding Covered Bonds bear interest at a floating rate (“*Floating Rate Covered Bonds*”). Floating Rate Covered Bonds will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions,
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service, or

(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s),

as set out in the applicable Final Terms.

The margin (if any) relating to any Floating Rate Covered Bonds (the “*Margin*”), including, if applicable, any rate multiplier and any change in margin will be agreed between the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s) for each issue of Floating Rate Covered Bonds and set out in the applicable Final Terms.

“*ISDA Definitions*” means, with respect to any Series, the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as of the Issue Date of the first Tranche of the Covered Bonds of the relevant Series.

Other provisions in relation to Floating Rate Covered Bonds.....

Floating Rate Covered Bonds may have a Maximum Rate of Interest, a Minimum Rate of Interest or both (as indicated in the applicable Final Terms). Interest on Floating Rate Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s), will be payable in arrear on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, in each case as may be agreed between the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s) as reflected in the applicable Final Terms.

“*Interest Period*” for a Series means the period from (and including) an Interest Payment Date for such Series (or, for the first Interest Period for such Series, the Interest Commencement Date for such Series) to (but excluding) the next (or first) Interest Payment Date for such Series.

“*Maximum Rate of Interest*” means, in respect of a Tranche of Floating Rate Covered Bonds, the percentage rate *per annum* (if any) specified as such in the applicable Final Terms. If such rate is so specified, then the interest rate of such Floating Rate Covered Bonds will not exceed such rate even if it might otherwise do so pursuant to the method of calculating the interest rate for such Floating Rate Covered Bonds.

“*Minimum Rate of Interest*” means, in respect of a Tranche of Floating Rate Covered Bonds, the percentage rate *per annum* (if any) specified as such in the applicable Final Terms. If such rate is so specified, then the interest rate of such Floating Rate Covered Bonds will not be less than such rate even if it might otherwise be pursuant to the method of calculating the interest rate for such Floating Rate Covered Bonds. Unless otherwise specified in the applicable Final Terms, the Minimum Rate of Interest for the applicable Tranche shall be deemed to be zero.

Instalment Covered Bonds.....

A Final Terms may provide that the corresponding Series of Covered Bonds is redeemable in instalments (“*Instalment Covered Bonds*”); *provided* that an instalment may only be scheduled to be payable on an Interest Payment Date for the applicable Series. The form Final Terms permits the Issuer to indicate therein that the principal of a Series will be due and payable in equal instalments from the indicated Interest Payment Date through the Final Maturity Date for such Series.

Ranking of the Covered Bonds.....

All Covered Bonds (and any related Receipts and Coupons) will, upon issue, constitute direct, unconditional and unsubordinated obligations of the Issuer in accordance with the Turkish Covered Bonds Law and (in the case of any insolvency, bankruptcy, liquidation or similar event relating to the Issuer) will rank *pari passu* without any preference or priority amongst themselves, irrespective of their Series and Issue Date, for all purposes (for the purpose of clarification, each Series may have a different timing for the repayment of principal and the timing and amount of interest payable).

Under the Covered Bonds Communiqué and by virtue of the priority established thereunder, the Covered Bondholders, Receiptholders, Couponholders and Hedging Counterparties will (subject to the following paragraph) have an exclusive, equal and *pro rata* preferential legal claim over the Cover Pool; *it being understood* that any payments under the Transaction Documents made by the Issuer shall, except to the extent provided otherwise in the Covered Bonds Communiqué and in the Transaction Security Documents, be applied in the manner determined by the Issuer.

The claims of the Other Secured Creditors against the Cover Pool are permitted only to the extent that the Issuer has provided Additional Cover in the manner described in Article 29 of the Covered Bonds Communiqué; *however*, the Covered Bonds Communiqué does not, as of the Programme Closing Date, provide for the Other Secured Creditors to have any senior or *pari passu* claims over any such Additional Cover. If the Issuer:

(a) has not provided Additional Cover, the Other Secured Creditors will not be permitted to have recourse to the Cover Pool and (except to the extent of any applicable Non-Statutory Security available to such Other Secured Creditors pursuant to the Transaction Documents and, with respect to the Reserve Fund Secured Creditors, except with respect to the Agency Account) their claims will rank *pari passu* with the other unsecured creditors of the Issuer, and

(b) has provided Additional Cover, then the Other Secured Creditors would have access to any remaining such Additional Cover after the Total Liabilities have been paid in full, with any remaining claims against the Issuer (after applying any applicable Non-Statutory Security available to such Other Secured Creditors) ranking *pari passu* with the other unsecured creditors of the Issuer;

provided that, as described in “*Description of the Transaction Documents - Security Assignment*,” if the Covered Bonds Communiqué is amended after the Programme Closing Date to permit Other Secured Creditors to have access to the Additional Cover on a priority or a *pari passu* basis with the Covered Bondholders and/or the Hedging Counterparties, then the Security Assignment (and, to the extent applicable, other Transaction Documents) will be amended to reflect the statutory order of priority prescribed by the Covered Bonds Communiqué in respect of Additional Cover from time to time.

Taxation.....

All payments of principal or interest in respect of the Covered Bonds (including with respect to the Receipts and the Coupons, if any) by (or on behalf of) the Issuer will be made free and clear of, and 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 the withholding or deduction of the Taxes is required by Applicable Law. In that event, the Issuer will pay such additional amounts (“*Additional Amounts*”) as shall be necessary in order that the net amounts received by the holders of the Covered Bonds, Receipts or Coupons after such withholding or deduction shall equal the respective amounts that would otherwise have been receivable in respect of such Covered Bonds, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in relation to any payment in respect of any Covered Bond, Receipt or Coupon:

(a) presented for payment by or on behalf of a holder who is liable for Taxes in respect of the Covered Bond, Receipt or Coupon by reason of such holder having some connection with any Relevant Jurisdiction other than the mere holding of the Covered Bond, Receipt or Coupon,

(b) presented for payment in Turkey, or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder of the relevant Covered Bond, Receipt or Coupon would have been entitled to Additional Amounts on presenting the same for payment on the last day of such 30 day period (assuming that day to have been a Payment Day).

Notwithstanding anything to the contrary stated herein, in no event will the Issuer, any Paying Agent or any other person be required to pay any Additional Amounts in respect of the Covered Bonds (including on Receipts and Coupons) for, or on account of, any withholding or deduction imposed on or in respect of any Covered Bond or Coupon required pursuant to FATCA (including pursuant to any agreement described in Section 1471(b) of the Code, the Applicable Laws of any jurisdiction implementing FATCA or any agreement between the Issuer and/or Turkey and the United States or any authority thereof entered into for FATCA purposes). See Condition 7 (*Taxation*).

“*Relevant Date*” means, with respect to any payment, the date on which such payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which the full amount of the money having been so received, notice to that effect has been duly given to the applicable Covered Bondholders, Receiptholders or Couponholders, as the case may be, by the Issuer in accordance with the Conditions.

“*Relevant Jurisdiction*” means: (a) Turkey or any political subdivision or any authority thereof or therein having power to tax or (b) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it in respect of the Covered Bonds, Receipts or Coupons.

Status of the Covered Bonds.....

The Covered Bonds are issued in accordance with Articles 4 and 5 of the Covered Bonds Communiqué. In accordance with the Turkish Covered Bonds Law, by virtue of the Transaction Documents, registration in the Cover Register and any registrations required to update the Cover Register (each a “*Security Update Registration*”), the Covered Bonds shall be secured by the Cover Pool (which includes all cashflows derived from the Cover Pool). In addition to the Cover Pool, the Covered Bonds are backed by the other Transaction Security (other than the security interest over the Agency Account). See also “*Summary*

of the Turkish Covered Bonds Law” below.

Cover Register

“Cover Register” means the security book (*teminat defteri*) related to the assets in the Cover Pool maintained by the Issuer pursuant to the Turkish Covered Bonds Law (a copy of which security book may also be retained at another institution as may be required by the CMB).

Security for the Covered Bonds.....

In accordance with the Turkish Covered Bonds Law, by virtue of the Transaction Documents and pursuant to the Cover Register and any Security Update Registration, the Cover Pool and the other Transaction Security (including any amounts standing to the credit of the Collection Account, the Designated Accounts, the Hedge Collateral Accounts (other than Excess Hedge Collateral) and the Non-TL Hedge Collection Account(s) but excluding the Agency Account) will be available to satisfy the obligations of the Issuer under the Total Liabilities (and the claims of Other Secured Creditors to the extent described in “-Ranking of the Covered Bonds”) following the occurrence of a Potential Breach of Statutory Test (which is continuing), an Issuer Event (which is continuing) or the service of a Notice of Default (which has not been revoked (such revocation to be provided in the same manner as the service of a Notice of Default)), in priority to the Issuer’s obligations to any other creditors, until the repayment in full of the Covered Bonds and payment of the Issuer’s other Secured Obligations under the Transaction Documents to the applicable Secured Creditors.

Pursuant to the Security Assignment, the Secured Obligations owing to the Secured Creditors will be secured by the following (the “*Security Assignment Security*”):

(a) a security assignment over all the Issuer’s rights, title, interest and benefit, present and future in, to and under:

(i) each of the Offshore Bank Accounts,

(ii) the English Law Transaction Documents (other than the Security Assignment, the Programme Agreement, any Subscription Agreement and any deed expressed to be supplemental to the Security Assignment, the Programme Agreement and/or any Subscription Agreement), including, without limitation, any guarantee, credit support document or credit support annex entered into pursuant to the Hedging Agreements governed by the laws of England and Wales and any eligible credit support (as defined in the 1995 English Law Credit Support Annex, the 1994 New York Law Credit Support Deed or the 1995 English Law Credit Support Deed, each as defined by the International Swaps and Derivatives Association, Inc.) delivered or transferred to the Issuer thereunder, including, without limitation, all moneys received in respect thereof, all dividends paid or payable thereon, all property paid, distributed, accruing or offered at any time to or in respect of or in substitution thereof and the proceeds of sale, repayment and redemption thereof, and

(iii) all payments of any amounts that may become payable to the Issuer under the items described in clauses (i) and (ii), all payments received by the Issuer thereunder, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof,

which is held unto the Security Agent absolutely for the Security Agent

itself and on trust, subject to the terms of the Security Assignment, for: (A) other than Excess Hedge Collateral and the Agency Account, the Secured Creditors to whom the Secured Obligations from time to time become due, owing or payable, (B) in the case of Excess Hedge Collateral, the relevant Hedging Counterparty as security for the Issuer's obligations to transfer or deliver such Excess Hedge Collateral pursuant to the terms of the relevant Hedging Agreement to the relevant Hedging Counterparty, and (C) in the case of the Agency Account, the Reserve Fund Secured Creditors, and

(b) a charge, by way of first fixed equitable charge to the Security Agent, over all the Issuer's rights, title, interest and benefit, present and future, in, to and under the Authorised Investments denominated in a currency other than Turkish Lira and that are Cover Pool Assets (and all moneys, income and proceeds to become payable thereunder or thereon and the benefits of all covenants relating thereto and all powers and remedies for enforcing the same), which are held unto the Security Agent absolutely for the Security Agent itself and on trust, subject to the terms of the Security Assignment, for the Secured Creditors to whom the Secured Obligations from time to time become due, owing or payable.

From time to time, additional security may be created for the benefit of the Security Agent on behalf of some or all of the Secured Creditors in respect of certain assets or certain accounts that are not otherwise subject to a perfected security interest for the benefit of the Security Agent on behalf of the Secured Creditors. If any such security document is designated as a Transaction Security Document by the Issuer and the Security Agent, then such security document shall be a Transaction Security Document for the purposes of the Programme.

“*Other Secured Creditors*” means the Agents, the Security Agent, the Calculation Agent, any Receiver, the Cover Monitor, the Offshore Account Bank, the Covered Bond Calculation Agents, the Insurers and (other than the Covered Bondholders, the Receiptholders, the Couponholders, the Talonholders and the Hedging Counterparties) any other creditor of the Issuer having the benefit of the Transaction Security in accordance with the Turkish Covered Bonds Law or pursuant to any Transaction Document entered into by the Issuer in the course of the Programme. To the extent that the Issuer has not provided sufficient Additional Cover in the manner described in Article 29 of the Covered Bonds Communiqué, the Other Secured Creditors will not be permitted to have recourse to the Cover Pool and (except to the extent of any applicable Non-Statutory Security available to such Other Secured Creditors pursuant to the Transaction Documents and, with respect to the Reserve Fund Secured Creditors, except with respect to the Agency Account) their claims will rank *pari passu* with the other unsecured creditors of the Issuer. See “-*Ranking of the Covered Bonds*.”

“*Agents*” means the Paying Agents, the Fiscal Agent, the Exchange Agent, the Registrar and the Transfer Agents.

“*Couponholders*” means the holders of the Coupons (which expression, unless the context otherwise requires, includes the Talonholders).

“*Insurer*” means the insurance company or other person providing an Insurance Policy (as defined below).

“*Receiptholders*” means the persons who are for the time being holders

of the Receipts.

“*Receiver*” means any person appointed (and any additional person appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the applicable secured property by the Security Agent pursuant to a Transaction Security Document.

“*Secured Creditors*” means the Covered Bondholders, the Receiptholders, the Couponholders, the Talonholders, the Other Secured Creditors and the Hedging Counterparties.

“*Transaction Security*” means: (a) the property, assets and undertakings included in the Cover Pool (including, as applicable, the Mortgage Rights) and, subject to the provisions of the Covered Bonds Communiqué, for the benefit of the applicable Secured Creditors, and (b) the Non-Statutory Security.

“*Transaction Security Documents*” means the Security Assignment and any other document entered into from time to time and designated by the Issuer and the Security Agent as a Transaction Security Document.

“*Additional Cover*” means the overcollateralisation of the Cover Pool by the Issuer from Substitute Assets or Mortgage Assets (as determined by the Issuer in its sole discretion) to pay the Issuer’s obligations under the Transaction Documents to the Agents, the Security Agent, the Calculation Agent, the Cover Monitor, the Offshore Account Bank, the Covered Bond Calculation Agents and any other Other Secured Creditor permitted by Article 29 of the Covered Bonds Communiqué to benefit from such overcollateralisation (for the purpose of clarification, the Issuer is not required by the Covered Bonds Communiqué to provide any Additional Cover). To the extent that the Issuer has not provided Additional Cover, the Other Secured Creditors will not be permitted to have recourse to the Cover Pool. Each such asset shall be an “*Additional Cover Cover Pool Asset*.” Any such assets shall be specifically identified by the Issuer in the Cover Register. For the avoidance of doubt, the Additional Cover Cover Pool Assets do not include the Mandatory Excess Cover.

“*Excess Hedge Collateral*” means: (a) the remaining Hedge Collateral due to be returned to a Hedging Counterparty after termination payments payable by such Hedging Counterparty to the Issuer in respect of the relevant Hedging Agreement have been satisfied, (b) if no termination payments were payable by such Hedging Counterparty to the Issuer after the occurrence of an Early Termination Date (as defined in the ISDA Master Agreement) in respect of the relevant Hedging Agreement, the Hedge Collateral due to be returned to the Hedging Counterparty in accordance with the provisions of the relevant credit support annex, in each case, under the terms of the relevant Hedging Agreement, or (c) any amounts in the applicable Hedge Collateral Account in excess of the amount of collateral required to be maintained in such account pursuant to the applicable Hedging Agreement.

“*Mandatory Excess Cover*” means the overcollateralisation of the Cover Pool by the Issuer from Substitute Assets in accordance with the minimum cover requirement provided under the Covered Bonds Communiqué that has to be maintained at all times (each such asset defined as a “*Mandatory Excess Cover Cover Pool Asset*”). Mandatory Excess Cover Cover Pool Assets are not subject to the Substitute Asset Limit and do not count towards the Substitute Asset Limit. For the

avoidance of doubt, the Mandatory Excess Cover does not refer to the Additional Cover.

“*Programme Closing Date*” means 15 May 2015.

Cross-collateralisation and

Recourse

By operation of the Covered Bonds Communiqué and in accordance with the Transaction Documents, the Cover Pool Assets shall form a single portfolio, irrespective of the date of their inclusion in the Cover Pool, and shall be held for the payment of the Total Liabilities to the Covered Bondholders, Receiptholders, Couponholders and Hedging Counterparties (and claims of the Other Secured Creditors to the extent described in “*-Ranking of the Covered Bonds*”) irrespective of the Issue Date of the relevant Tranche, the date of any applicable Hedging Agreement or otherwise. The Secured Creditors shall (with respect to the Other Secured Creditors, to the extent described in “*-Ranking of the Covered Bonds*”) have recourse to the Transaction Security for the payment of the Issuer’s obligations under the Programme.

In accordance with the provisions of the Covered Bonds Communiqué, the Cover Pool Assets may not be seized or attached in any form by creditors of the Issuer and may be used only to pay the applicable Secured Creditors.

The Issuer is entitled, within certain limits and upon certain conditions, to effect certain changes to the Cover Pool. See “*Changes to the Cover Pool*” below.

Issue Price

Covered Bonds of each Tranche may be issued at par or at a premium or discount to par on a fully-paid basis (in each case, the “*Issue Price*” for such Tranche) as specified in the applicable Final Terms.

Interest Payment Dates

“*Interest Payment Date*” has the meaning specified in: (a) for Fixed Rate Covered Bonds, Condition 4.1, and (b) for Floating Rate Covered Bonds, Condition 4.2(a)(ii).

Extended Series Payment Date.....

In relation to any Series of Soft Bullet Covered Bonds that has been extended, “*Extended Series Payment Date*” shall be a monthly or other date as specified as such in the applicable Final Terms for such Series of Soft Bullet Covered Bonds.

“*Soft Bullet Covered Bonds*” means Covered Bonds for which, if so provided in the applicable Final Terms, the applicable Final Maturity Date shall be extended automatically to the applicable Extended Final Maturity Date specified in the applicable Final Terms if the Issuer does not pay on the relevant Final Maturity Date any amount representing the amount due on such Soft Bullet Covered Bonds on such Final Maturity Date as set out in the applicable Final Terms (the “*Final Redemption Amount*”); *provided* that such extended final maturity date may only be scheduled to occur on an Extended Series Payment Date for such Series of Soft Bullet Covered Bonds (such date, the “*Extended Final Maturity Date*”).

Upon any automatic deferral described in the preceding paragraph, the Issuer shall:

- (a) without prejudice to its obligations in Schedule 1, Parts 1(c) and (d) of the Security Agency Agreement, promptly liquidate all Authorised Investments that are Cover Pool Assets (which, for the avoidance of doubt, do not include any investments that are Hedge Collateral) and

Substitute Assets to the extent necessary to pay the Final Redemption Amount for the applicable Series of Soft Bullet Covered Bonds,

(b) deposit the proceeds of such liquidation (the “*Liquidation Proceeds*”) into the relevant Designated Account(s) (such proceeds to form part of the Available Funds), and

(c) on the Final Maturity Date for such Series and on each Extended Series Payment Date for such Series thereafter up to (and including) the relevant Extended Final Maturity Date, apply all Available Funds towards the payment of any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date of such Series of Soft Bullet Covered Bonds *plus* accrued interest thereon; *provided* that where an Interest Payment Date (including any such date that is also an Extended Series Payment Date) of any other Series of Covered Bonds (or any payment by the Issuer under a Hedging Agreement) corresponds with such Extended Series Payment Date, the Issuer shall apply all Available Funds towards payment of amounts due and payable in respect of such Series of Soft Bullet Covered Bonds, such other Series of Covered Bonds and such Hedging Agreement(s), as applicable, on a *pro rata* basis (as a result of any such payment, the amount that otherwise would be payable to a Covered Bondholder pursuant to any purchase or redemption of the applicable Series by the Issuer, including with respect to the interest that will accrue after such payment, will be reduced).

Any extension of the maturity of Soft Bullet Covered Bonds shall be irrevocable. Any non-payment of such Soft Bullet Covered Bonds on their Final Maturity Date and the resulting extension of the maturity of such Soft Bullet Covered Bonds shall not constitute an Event of Default for any purpose or give any Covered Bondholder, Receiptholder or Couponholder any right to receive any payment of interest, principal or otherwise on the relevant Soft Bullet Covered Bonds other than as expressly set out in the Conditions; *however*, such non-payment of such Soft Bullet Covered Bonds on their Final Maturity Date and the resulting extension of the maturity of such Soft Bullet Covered Bonds to their Extended Final Maturity Date shall (if not cured by the end of the applicable cure period) constitute an Issuer Event.

In the event of the extension of the maturity of Soft Bullet Covered Bonds, interest rates, interest periods and interest payment dates on such Soft Bullet Covered Bonds from (and including) the Final Maturity Date of such Soft Bullet Covered Bonds to (but excluding) their Extended Final Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 4 (*Interest*).

“*Available Funds*” means, following the occurrence of an automatic deferral of a Final Maturity Date of any Series of Soft Bullet Covered Bonds, all amounts standing to the credit of the Collection Account, the Designated Accounts and the Non-TL Hedge Collection Account(s) and any Liquidation Proceeds.

Redemption

A Final Terms may specify that either the relevant Series of Covered Bonds can be redeemed prior to its stated maturity for taxation reasons in the manner set out in Condition 6 (*Redemption and Purchase*) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the applicable Covered Bondholder(s), in each case on a date or dates specified prior to such stated maturity and at a price or prices as may be agreed between the Issuer and the relevant Dealer(s) or

(in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s) in such Final Terms.

As noted in “-Instalment Covered Bonds” above, the applicable Final Terms may provide that Instalment Covered Bonds may be redeemed in two or more instalments (each an “*Instalment*”) on such Interest Payment Dates as are indicated in such Final Terms.

Final maturity and extendable obligations under the Covered Bonds...

The final maturity date for each Series (the “*Final Maturity Date*”) will be specified in the applicable Final Terms as agreed between the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s); *provided* that the Final Maturity Date for a Series may only be scheduled to occur on an Interest Payment Date for such Series. Unless previously redeemed as provided in the Conditions, the Covered Bonds of a Series will be redeemed at their Principal Amount Outstanding on the relevant Final Maturity Date.

As noted in “-*Extended Series Payment Date*” above, the applicable Final Terms relating to a Series of Soft Bullet Covered Bonds may also provide that the Issuer’s obligations under the relevant Covered Bonds to pay their Principal Amount Outstanding on the relevant Final Maturity Date may be deferred until the applicable Extended Final Maturity Date. Such deferral will occur automatically if the Issuer does not pay any amount representing the Final Redemption Amount in respect of the relevant Series of Soft Bullet Covered Bonds on their Final Maturity Date.

Voting Rights

The entitlements of Covered Bondholders in respect of voting rights (including with respect to the exercise of remedies) under the Conditions, the Agency Agreement and the Transaction Security Documents (and the other Transaction Documents to the extent applicable) upon the occurrence of an Issuer Event and/or an Event of Default will be determined by reference to the Principal Amount Outstanding of the relevant Covered Bond(s) held by the relevant Covered Bondholder(s). For the purposes of calculating the Principal Amount Outstanding of any Covered Bonds denominated in a currency other than Turkish Lira, the Principal Amount Outstanding of any such Covered Bonds shall be notionally converted into a Turkish Lira equivalent using the Applicable Exchange Rate for purposes of determining voting rights.

“*Applicable Exchange Rate*” means:

(a) in respect of the non-Turkish Lira currency Covered Bonds of a particular Tranche:

(i) to the extent that a Hedging Agreement that is a currency swap transaction, cross currency and interest rate swap transaction or option contract, foreign exchange, derivative or similar agreement is in the Cover Pool in connection with the issuance of such Tranche of Covered Bonds, the rate at which the relevant currency is exchangeable into Turkish Lira pursuant to such Hedging Agreement, and

(ii) to the extent that sub-paragraph (a)(i) above is not applicable, the Spot Rate,

(b) in respect of the non-Turkish Lira currency amount of a Cover Pool Asset:

(i) to the extent that a Hedging Agreement that is a currency swap transaction, cross currency and interest rate swap transaction or option contract, foreign exchange, derivative or similar agreement is in the Cover Pool in connection with such Cover Pool Asset, the rate at which the relevant currency is exchangeable into Turkish Lira pursuant to such Hedging Agreement, and

(ii) to the extent that sub-paragraph (b)(i) above is not applicable, the Spot Rate, and

(c) in respect of the expenses not denominated in U.S. Dollars that are covered by the Reserve Fund, the Spot Rate.

“*Spot Rate*” means: (a) with respect to the conversion of the relevant non-Turkish Lira currency into Turkish Lira, the relevant “mid” price spot rate of exchange obtained by the Issuer, the Fiscal Agent and/or the Security Agent, as applicable, on the relevant day using the relevant display page on the Reuter Monitor Money Rates Service (or any successor service thereof), or such other page as may replace that page on that service for the purpose of displaying a currency exchange rate for Turkish Lira and the non-Turkish Lira currency, expressed as the amount of Turkish Lira per one non-Turkish Lira currency at approximately 11.00 a.m. (Istanbul time) on such day, and (b) with respect to the conversion of a non-U.S. Dollar currency into U.S. Dollars, the relevant “mid” price spot rate of exchange obtained by the Issuer, the Fiscal Agent and/or the Security Agent, as applicable, on the relevant day using the relevant display page on the Reuter Monitor Money Rates Service (or any successor service thereof), or such other page as may replace that page on that service for the purpose of displaying a currency exchange rate for U.S. Dollars and such non-U.S. Dollar currency, expressed as the amount of U.S. Dollars per one non-U.S. Dollar currency at approximately 11.00 a.m. (London time) on such day.

“*Principal Amount Outstanding*” means, in respect of a Covered Bond on any day of determination, the principal amount of that Covered Bond on the relevant Issue Date thereof less the sum of all amounts of principal paid by the Issuer in accordance with the provisions of the Conditions and the relevant Covered Bonds in respect thereof on or prior to that day of determination.

“*Subsidiary*” means, in relation to any person, any company or other entity: (a) in which such person holds a majority of the voting rights, (b) of which such person is a member and has the right to appoint or remove a majority of the board of directors (or similar body) or (c) of which such person is a member and controls a majority of the voting rights, and includes any company that is a Subsidiary of a Subsidiary of such person. In relation to the consolidated financial statements of the Issuer, a Subsidiary shall also include any other entities that are (in accordance with Applicable Law and the applicable accounting standards) consolidated into the Issuer.

Ratings.....

Each Series issued under the Programme may be assigned a rating by one or more rating agency(ies) (whether by Moody’s and/or any other Relevant Rating Agency) as specified in Part B of the Final Terms for such Series (for the purpose of clarification, a Series need not be rated).

Where a Series of Covered Bonds is rated (other than unsolicited ratings), such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Covered Bonds of other Series. 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.

Any Covered Bonds rated by Moody's are expected (assuming they provide for the required Required Overcollateralisation Percentage and appropriate Hedging Agreements are in place) initially to be rated "Baa1."

Purchases of Covered Bonds.....

To the extent possible under Applicable Law: (a) the Issuer may from time to time issue Covered Bonds to itself and/or its Subsidiaries and (b) the Issuer and/or any of its Subsidiaries may from time to time purchase or otherwise acquire Covered Bonds (*provided* that, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith). Such issued, purchased or otherwise acquired Covered Bonds (and the related Receipts, Coupons and Talons) may be held, resold or, at the option of the Issuer or such Subsidiary (as the case may be) for those Covered Bonds held by it, surrendered to any Paying Agent and/or the Registrar for cancellation; *provided* that any such resale or surrender of a Covered Bond shall include a sale or surrender (as applicable) of all related Receipts, Coupons and Talons. The Covered Bonds so purchased or acquired, while held by or on behalf of the Issuer or any such Subsidiary, shall (except to the extent held as broker or otherwise for one or more other person(s)) not entitle it (as the Covered Bondholder with respect thereto) to vote at any meeting of the Covered Bondholders and shall (except to the extent held as broker or otherwise for one or more other person(s)) not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Covered Bondholders. See Condition 6.7 (*Purchases by the Issuer or its Subsidiaries*).

Listing and admission to trading.....

Application has been made to the Irish Stock Exchange for Covered Bonds issued under the Programme to be admitted to the Official List and to trading on the Main Securities Market; *however*, no assurance can be given that such application will be accepted. Covered Bonds may be unlisted or may be listed or admitted to trading, as the case may be, on any market (including any unregulated or regulated market for the purposes of MiFID I) as may be agreed among the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholders(s) in relation to each Series. The Final Terms relating to each Tranche of the Covered Bonds will state whether or not such Covered Bonds are to be listed and/or admitted to trading and, if so, on which market(s), as the case may be (for the purpose of clarification, a Series need not be listed or admitted to trading on any particular exchange or market or at all and if a Series is listed and/or admitted to trading, then such Series need not be listed on the Official List of the Irish Stock Exchange and admitted to trading on the Main Securities Market.

Clearing Systems

For any Series of Global Covered Bonds, DTC, Euroclear, Clearstream, Luxembourg and/or any other clearing system approved by the Issuer and the Fiscal Agent and specified in the applicable Final Terms will be the applicable clearing system(s).

Selling Restrictions

There are restrictions on the offer, sale and transfer of the Covered

Bonds (and beneficial interests therein) in (*inter alia*) the United States, the EEA (including the United Kingdom and Ireland) and Turkey and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Covered Bonds. See “*Subscription and Sale and Transfer and Selling Restrictions*” below.

U.S. Selling Restrictions.....

Regulation S Category 2, Rule 144A and Section 4(a)(2). Bearer Covered Bonds will be issued in compliance with rules identical to those provided in: (a) U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or substantially identical successor provisions) (“*TEFRA D*”) or (b) U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or substantially identical successor provisions) (“*TEFRA C*”) such that the Bearer Covered Bonds will not constitute “registration-required obligations” under Section 4701(b) of the Code, as specified in the applicable Final Terms. Such rules impose certain additional restrictions on transfers of Bearer Covered Bonds (or beneficial interests therein). See “*Subscription and Sale and Transfer and Selling Restrictions*.”

ERISA.....

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

Turkish Covered Bonds Law.....

Means the Capital Markets Law, the Covered Bonds Communiqué and other relevant capital markets Applicable Law of Turkey pursuant to which the Covered Bonds are issued (together, the “*Turkish Covered Bonds Law*”).

The Covered Bonds will be issued pursuant to the Turkish Covered Bonds Law. For further information on the Turkish Covered Bonds Law, see “*Summary of the Turkish Covered Bonds Law*” below.

Covered Bonds Communiqué.....

Means the Communiqué on Covered Bonds No. III-59.1 published by the CMB (as amended from time to time) (*i.e.*, the Covered Bonds Communiqué).

Governing Law.....

The Covered Bonds (other than as set forth in the following paragraph), the Agency Agreement, the Deed of Covenant, the Security Assignment, the Offshore Bank Account Agreement, the Security Agency Agreement, the Calculation Agency Agreement, the Programme Agreement, each Subscription Agreement and (unless specified otherwise in the applicable Hedging Agreement) each Hedging Agreement (and any non-contractual obligations arising out of or in connection with any of the above) are (or will be, as the case may be) governed by, and construed in accordance with, the laws of England and Wales.

The Cover Monitor Agreement is governed by, and construed in accordance with, Turkish law. In addition, the Statutory Segregation referred to in Condition 3 (*Status of the Covered Bonds*) is (or will be, as the case may be) governed by and construed in accordance with Turkish law.

Statutory Segregation.....

“*Statutory Segregation*” means the statutory protection of the Cover

Pool against competing claims for the benefit of the Covered Bondholders, the Receiptholders, the Couponholders, the Hedging Counterparties and (with respect to the Additional Cover and subject to the provisions of Article 29 of the Covered Bonds Communiqué) the Other Secured Creditors pursuant to Article 13 of the Covered Bonds Communiqué to the extent described in “*Ranking of the Covered Bonds.*”

Distribution

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

Maturities

The Covered Bonds will have such maturities as may be agreed between the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s) (as set out in the applicable Final Terms), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any Applicable Law in relation to the Issuer or the relevant Specified Currency.

Covered Bonds having a maturity of less than one year are subject to restrictions on their denomination and distribution. See “*Certain Restrictions - Covered Bonds having a maturity of less than one year*” above.

CREATION AND ADMINISTRATION OF THE COVER POOL

The Cover Pool.....

Pursuant to the Turkish Covered Bonds Law, the Issuer is entitled to create the Statutory Segregation over:

- (a) mortgage loans meeting: (i) the requirements set out in Articles 9(2), 10(1)(a) and 10(1)(c) of the Covered Bonds Communiqué, and (ii) though not required by the Turkish Covered Bonds Law, the Individual Asset Eligibility Criteria (such assets included in the Cover Pool being the “*Mortgage Assets*”), and all receivables relating to such Mortgage Assets (for the purpose of clarification, the Cover Pool shall include all assets included in the Cover Register from time to time notwithstanding that such assets may have ceased to satisfy the statutory requirements for covered assets specified in the Covered Bonds Communiqué or the Individual Asset Eligibility Criteria),
- (b) Substitute Assets (subject to the Substitute Asset Limit), and
- (c) its rights in, to and under Hedging Agreements,

(each such asset included in the Cover Register, a “*Cover Pool Asset*” and collectively the “*Cover Pool*”).

For the avoidance of doubt, a mortgage loan or derivative contract intended to become a Cover Pool Asset is required to meet the asset requirements set out in Article 10 (in the case of mortgage loans) and Article 11 (in the case of derivative contracts) of the Covered Bonds Communiqué at the time of inclusion in the Cover Register. In the event that a Cover Pool Asset thereafter ceases to meet the asset requirements of the Covered Bonds Communiqué (or failed to have satisfied such requirements at the time of its inclusion in the Cover Register), the Issuer is obliged under Article 13(5) of the Covered Bonds Communiqué to replace such asset with Cover Pool Assets that do satisfy the requirements of Articles 10 and 11 (as applicable) of the Covered Bonds Communiqué unless the Statutory Tests are otherwise satisfied and the Issuer is otherwise complying with its obligations under the Covered Bonds Communiqué (in which case, the Issuer is not obliged to

remove any such ineligible Cover Pool Asset). See “*Changes to the Cover Pool*” below.

By virtue of the creation of the Cover Pool by registration in the Cover Register (including through any Security Update Registration(s)) on or prior to the First Issue Date, the Issuer shall segregate the Cover Pool for the satisfaction of the rights of the Covered Bondholders, the Couponholders, the Receiptholders and the Hedging Counterparties (and the Other Secured Creditors to the extent described in “*General Description of the Programme - Programme Description - Ranking of the Covered Bonds*”).

All Mortgage Rights relating to the Mortgage Assets are themselves included in the Cover Pool as part of the receivables of such Mortgage Assets; *however*, if it is subsequently judicially determined that all or part of the Mortgage Rights of the type referred to in sub-paragraphs (b) and (c) of the definition of Mortgage Rights below (all such items being “*Ancillary Rights*”) do not constitute receivables of Mortgage Assets for the purposes of Article 9 of the Covered Bonds Communiqué, then such Ancillary Rights shall not be Cover Pool Assets and thus not benefit from Statutory Segregation.

The rights, title and interest (both present and future) of the Bank in, to and under: (a) any valuation and (b) all causes and rights of action in favour of the Bank against any person (other than the applicable Borrower) in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion, in each case given in connection with a Mortgage Asset or affecting the decision of the Bank to make the relevant advance (all payments received by the Bank for either clause (a) or (b) being a “*Related Payment*”), do not constitute receivables of the Mortgage Assets for the purposes of Article 9 of the Covered Bonds Communiqué and therefore do not benefit from Statutory Segregation; *however*, at any time after the service of a Notice of Default (which has not been revoked (such revocation to be provided in the same manner as the service of a Notice of Default)), as an unsecured contractual obligation only, the Issuer will transfer (within two Istanbul Business Days of receipt or, if such second Istanbul Business Day is not a business day for the Security Agent, by the next day that is both an Istanbul Business Day and a business day for the Security Agent) all Related Payments to the Security Agent for the benefit of the Secured Creditors to be applied in satisfaction of the Secured Obligations; *it being understood* that (as such do not constitute receivables of the Mortgage Assets for the purposes of the Covered Bonds Communiqué and therefore do not benefit from Statutory Segregation) any such Related Payments shall not be deposited into the Collection Account or the Designated Accounts and shall otherwise remain segregated from the Cover Pool Assets.

“*Mortgage Rights*” shall, with respect to a Mortgage Asset, mean:

- (a) any prepayment fees or other fees payable by the Borrower of such Mortgage Asset,
- (b) to the extent that they are assignable, the benefit of all collateral security and any guarantees or indemnities from the Borrower or a guarantor for such Mortgage Asset, and
- (c) all right, title, interest and benefit in favour of the Bank (both present and future) in relation to any insurance contracts relating to such Mortgage Asset, including the right to receive the proceeds of any insurance claims in so far as they relate to such Mortgage Asset.

The Bank will act in a manner consistent with that of a Prudent Lender and Servicer of Mortgage Assets in respect of the Mortgage Assets; *provided* that:

(a) during the continuance of an Issuer Event, the Bank may not make any Mortgage Asset Modification(s) other than in accordance with its then prevailing servicing and collection procedures in respect of mortgage assets that are not part of the Cover Pool, and

(b) the Bank shall service the Mortgage Assets with no less care than the Bank exercises or would exercise in connection with the servicing of mortgage assets held for its own account as if such Mortgage Assets were not part of the Cover Pool.

“*Mortgage Asset Modification*” means any modification, variation amendment, release or waiver of a Mortgage Asset, including as to, but not limited to, interest rates, repayment schedule and/or maturity of such Mortgage Asset.

“*Prudent Lender and Servicer of Mortgage Assets*” means acting in a manner consistent with that of an experienced lender and servicer of mortgage loans granted to obligors in Turkey.

“*First Issue Date*” means the date on which the Issuer issues a Series of Covered Bonds for the first time pursuant to the Programme.

“*Substitute Assets*” means: (a) the assets permitted by the Covered Bonds Communiqué to constitute substitute assets (as of the Programme Closing Date, such assets are cash, certificates of liquidity issued by the Central Bank of Turkey, government bonds issued domestically (in Turkey) or abroad, lease certificates issued by asset leasing corporations established by the Undersecretariat of the Treasury of Turkey (*T.C. Başbakanlık Hazine Müsteşarlığı*), securities guaranteed by the Treasury of Turkey within the framework of the Law on the Regulation of Public Financing and Debt Management dated 28 March 2002 and numbered 4749 and securities issued by or with the guarantee of the central administrations and/or central banks of the countries which are members of the Organisation for Economic Co-operation and Development), and (b) other assets that the CMB approves and discloses to the public.

Changes to the Cover Pool

The Issuer shall be entitled (and, in the circumstances set out in Article 13(5) of the Covered Bonds Communiqué, shall be obliged) to add, remove or substitute Cover Pool Assets, subject to making appropriate Security Update Registration(s), to:

(a) *Allocation of Further Assets*: allocate to the Cover Pool additional assets at any time, including for the purposes of issuing further Series of Covered Bonds, complying with the Statutory Tests and/or the Required Overcollateralisation Percentage of any Series, maintaining the rating(s) assigned to any Series of the Covered Bonds and/or maintaining or increasing the creditworthiness of the Cover Pool; *provided* that such new assets meet the requirements of the Covered Bonds Communiqué, comply with the Individual Asset Eligibility Criteria and do not cause the Substitute Assets in the Cover Pool to exceed the Substitute Asset Limit, and

(b) *Removal or Substitution of Cover Pool Assets*: remove (including to substitute) one or more Cover Pool Asset(s) (including any Cover Pool Assets that cease to comply or did not comply at the time of their registration in the Cover Register with the requirements of the Covered Bonds Communiqué and/or the Individual Asset Eligibility Criteria) from the Cover Pool at any time in accordance with the Covered Bonds Communiqué and to

the extent not prohibited by the Transaction Documents; *provided* that, in addition to the requirements of the Covered Bonds Communiqué: (i) any assets added to the Cover Pool by way of substitution must comply with the Individual Asset Eligibility Criteria, (ii) any asset added to the Cover Pool by way of substitution or any removal of assets from the Cover Pool does not cause the Substitute Assets in the Cover Pool to exceed the Substitute Asset Limit, (iii) neither any Potential Breach of Statutory Test nor any Issuer Event of the type described in sub-paragraphs (a) through (f) of the definition thereof would occur as a result of such removal or Cover Pool Asset Substitution, and (iv) any collections in respect of any such removed Cover Pool Assets will no longer be transferred to the Collection Account. The Issuer is obliged to substitute any Cover Pool Assets that cease to comply with the requirements of the Covered Bonds Communiqué or the Individual Asset Eligibility Criteria unless the Statutory Tests are otherwise satisfied and the Issuer is otherwise complying with its obligations under the Covered Bonds Communiqué (in which case, the Issuer may either keep such ineligible Cover Pool Asset within the Cover Pool or remove such ineligible Cover Pool Asset without new eligible assets being registered in the Cover Pool). Also see “*Changes to the Cover Pool*” below.

It is agreed that:

- (a) upon the occurrence of any Potential Breach of Statutory Test or an Issuer Event that is continuing, no Cover Pool Assets can be removed or substituted from the Cover Pool unless such removal or substitution is required pursuant to the provisions of the Covered Bonds Communiqué, and
- (b) upon the occurrence of an Event of Default that is continuing, no Cover Pool Assets can be removed or substituted from the Cover Pool unless:
 - (i) such removal or substitution is required pursuant to the provisions of the Covered Bonds Communiqué, or
 - (ii) such substitution or removal is made by the Administrator in accordance with the provisions of the Covered Bonds Communiqué or by the Security Agent in accordance with the Transaction Documents.

Sale of Cover Pool Assets by the Administrator

Under Articles 27(4) and (6) of the Covered Bonds Communiqué and in the circumstances specified therein, the Administrator may administer the sale of the Cover Pool Assets.

“*Administrator*” means the person appointed by the CMB to administer the Cover Pool under the Covered Bonds Communiqué.

Representations and Warranties of the Bank in its capacity as Issuer

Under the Security Agency Agreement, as of the Programme Closing Date, each Issue Date and each date on which additional Cover Pool Assets are added to the Cover Pool, the Bank has made (or will make) certain representations and warranties regarding itself and the Cover Pool Assets in favour of the Security Agent (for itself and for the benefit of the other Secured Creditors) that:

- (a) it is a corporation, duly incorporated and validly existing under the laws of Turkey,
- (b) the obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations, subject to equitable principles and to applicable insolvency or

other similar laws affecting the rights of creditors generally,

(c) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents,

(d) the Cover Pool Assets are in existence,

(e) except to the extent provided otherwise pursuant to the Transaction Documents, it is the sole absolute owner of the Cover Pool Assets with full title guarantee and all rights, title and interest therein free and clear of all Security Interests of any nature whatsoever; *it being understood* that: (i) pursuant to the Covered Bonds Communiqué, the Cover Pool Assets are segregated under Turkish law for the benefit of the Covered Bondholders, the Couponholders, the Receiptholders, the Talonholders, the Hedging Counterparties and (with respect to the Additional Cover and in the manner described in Article 29 of the Covered Bonds Communiqué) the Other Secured Creditors, and (ii) the Borrowers and other obligors under Cover Pool Assets might have a right of set-off, and

(f) it is not in liquidation, bankruptcy or receivership and will not go into liquidation, bankruptcy or receivership as a result of the issuance of any Covered Bonds or the entering into of the Transaction Documents.

Individual Asset Eligibility Criteria

Each mortgage loan to be included in the Cover Pool shall comply with the following criteria (the “*Individual Asset Eligibility Criteria*”):

(a) the requirements of Articles 9(2) and 10(1) of the Covered Bonds Communiqué,

(b) such mortgage loan is denominated in Turkish Lira,

(c) such mortgage loan is not a commercial loan or related receivable,

(d) the applicable Borrower is not an employee of the Bank,

(e) the principal amount outstanding of such mortgage loan at the time of its inclusion in the Cover Pool must be lower than or equal to the Turkish Lira-equivalent of €1,000,000 (using the TL/€ sell-side exchange rate most recently published by the Central Bank at such time of inclusion),

(f) such mortgage loan is secured by a first ranking mortgage,

(g) at the time of the inclusion of such mortgage loan in the Cover Pool, the applicable LTV is not greater than the maximum percentage (if any) specified in the Covered Bonds Communiqué (as of the date of this Base Prospectus, Article 19(1) of the Covered Bonds Communiqué sets this percentage at 75%),

(h) the applicable Borrower is a natural person,

(i) such mortgage loan is not Delinquent, and

(j) such mortgage loan constitutes a valid and enforceable claim against the applicable Borrower, subject to customary bankruptcy and similar exceptions and general principles of equity.

“*Borrower*” means, with respect to a mortgage loan, the borrower or borrowers specified in respect of such mortgage loan.

“*Delinquent*” means, in respect of a mortgage loan, that one or more payment(s) in respect of such mortgage loan has/have become due in accordance with the terms and conditions of such mortgage loan and remain unpaid by the relevant Borrower for more than 30 days; *provided* that the aggregate amount of such payment(s) is greater than TL5.

“*LTV*” means, with respect to a mortgage loan, the percentage determined by dividing the principal amount outstanding of such mortgage loan by the Initial Appraised Value of the applicable residential property at the origination of such mortgage loan.

“*Initial Appraised Value*” means, with respect to a mortgage loan, the appraised value of the applicable residential property used by such mortgage loan’s originator in connection with the origination of such mortgage loan.

Substitute Assets may not be added to the Cover Pool if, immediately following such addition, the Cover Pool would not comply with the requirement of Article 19(3) of the Covered Bonds Communiqué that the net present value of the Substitute Assets included in the Cover Pool shall not exceed 15% of the total Net Present Value of the Cover Pool (the “*Substitute Asset Limit*”) (disregarding, for these purposes, Mandatory Excess Cover Pool Assets (which are not subject to the restriction contained in Article 19(3) of the Covered Bonds Communiqué and, accordingly, do not count towards the Substitute Asset Limit)).

Monitoring of the Cover Pool

The Cover Monitor shall, pursuant to the Cover Monitor Agreement, in respect of each Cover Monitor Calculation Date analyse and verify whether the Cover Pool satisfies each of the tests related to the Cover Pool as required by the Covered Bonds Communiqué, being (as of the date of this Base Prospectus) each of:

- (a) the Nominal Value Test,
- (b) the Net Present Value Test,
- (c) the Cash Flow Matching Test, and
- (d) the Stress Test,

(collectively, the “*Statutory Tests*” and each a “*Statutory Test*”).

In addition, the Issuer shall, in accordance with Article 20(1) of the Covered Bonds Communiqué, test whether the Cover Pool complies with the Statutory Tests (*e.g.*, as of the date of this Base Prospectus, at every change to the Cover Register and, in any case, at least once per calendar month as long as any Series of Covered Bonds is outstanding and, as applicable, in the case of the issuance of a new Series of Covered Bonds) (each a “*Statutory Test Date*”) (see *Description of the Transaction Documents—Security Agency Agreement*).

The Cover Monitor shall, pursuant to the Cover Monitor Agreement, after testing the Statutory Tests as described above, send a copy of the report indicating compliance or non-compliance with the Statutory Tests to the Issuer and the Security Agent within twenty İstanbul Business Days following the end of the applicable accounting period.

“*Cover Monitor Calculation Date*” means each Issue Date (other than the First Issue Date) and each of the dates falling at the end of each semi-annual reporting period (or quarter reporting period if any Covered Bonds issued in a public offering in Turkey of Covered Bonds remain outstanding) following

the First Issue Date; *provided* that: (a) the first Cover Monitor Calculation Date shall be within six months after the First Issue Date (as agreed between the Issuer and the Cover Monitor), and (b) the end of each semi-annual reporting period or quarter reporting period, as applicable, shall be calculated from the first Cover Monitor Calculation Date and not from the First Issue Date.

Statutory Tests

The Cover Pool is subject to the Statutory Tests as set out in the Covered Bonds Communiqué. The Statutory Tests are (as of the date of this Base Prospectus) the following:

- (a) *The Nominal Value Test*: The “*Nominal Value Test*” means the test set out in Article 15(1) of the Covered Bonds Communiqué.
- (b) *The Cash Flow Matching Test*: The “*Cash Flow Matching Test*” means the test set out in Article 16(1) of the Covered Bonds Communiqué.
- (c) *The Net Present Value Test*: The “*Net Present Value Test*” means the test set out in Article 17 of the Covered Bonds Communiqué.
- (d) *The Stress Test*: The “*Stress Test*” means the test set out in Article 18 of the Covered Bonds Communiqué.

The Statutory Tests (both their nature and their method of calculation) may vary from time to time to the extent that the Covered Bonds Communiqué is amended; *it being understood* that all Series of Covered Bonds are subject to the Statutory Tests as in force at the time of their issuance unless expressly provided otherwise by the Turkish Covered Bonds Law.

The method of calculating the Statutory Tests shall (within the requirements of the Covered Bonds Communiqué) be determined by the Issuer, acting reasonably (and subject to any guidance, pronouncement, rule, official directive or guideline (whether or not having the force of law) issued by the CMB to the Issuer specifically or to covered bond issuers generally in relation to the method of calculating the Statutory Tests). To avoid doubt with respect to any Covered Bonds with a floating interest rate, the Issuer may at any time perform such calculations utilising the interest rate in effect at such time.

The following are not included in calculations related to the Statutory Tests (without duplication of any exclusion):

- (a) assets: (A) that are mortgage loans that do not satisfy the Individual Asset Eligibility Criteria, (B) that are Substitute Assets all or portions of which is/are to be excluded in order for the Cover Pool to satisfy the Substitute Asset Limit; *it being understood* that if only portions of such assets are so excluded, then the part thereof that is not so excluded shall be included in the calculation of the Statutory Tests to the extent otherwise eligible, or (C) that, pursuant to Article 10(1)(a) of the Covered Bonds Communiqué, are mortgage loans that would not qualify to be registered in the Cover Register,
- (b) the portion (if any) of a Mortgage Asset in excess of the percentage of the value of the residential property securing the corresponding loan in the manner specified in the Covered Bonds Communiqué (as of the date of this Base Prospectus, Article 19(1) of the Covered Bonds Communiqué sets this percentage at 75%),
- (c) rights in, and cash amounts standing to the credit of, the Collection Account (and investments made with such amounts),
- (d) Cover Pool Assets that are Additional Cover Cover Pool Assets

pursuant to Article 29 of the Covered Bonds Communiqué,

(e) Hedge Collateral, and

(f) the Reserve Fund; *it being understood* that the Reserve Fund and the Agency Account are not included in the Cover Pool.

For further information concerning each of the above Statutory Tests, see “*Summary of the Turkish Covered Bonds Law*” below.

**Required Overcollateralisation
Percentage**

In addition to the Statutory Tests, the Issuer shall at all times ensure that the Nominal Value of the Cover Pool is not less than the product of: (a) the Turkish Lira Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds outstanding and (b) the sum of one plus the decimal equivalent of the highest then-existing Required Overcollateralisation Percentage among all then-outstanding Series. The then-existing Required Overcollateralisation Percentage for each Series shall be specified in each Investor Report.

“*Nominal Value*” means, in respect of the Cover Pool, the sum of: (a) the outstanding principal amounts of the Mortgage Assets, (b) the issue price of discounted debt securities that are included in the Cover Pool and (c) the nominal value of debt securities issued at a premium that are included in the Cover Pool (in the case of (b) and (c), excluding any Hedge Collateral that might then be in the Cover Pool), in each case as such is determined pursuant to the Covered Bonds Communiqué.

“*Required Overcollateralisation Percentage*” means, for a Series, the percentage set forth in Part B of the Final Terms for such Series (the “*Issue Date Required Overcollateralisation Percentage*”) or such other percentage from time to time thereafter selected by the Issuer and notified to the Relevant Rating Agency (to the address specified to the Issuer by the Relevant Rating Agency from time to time) and the Fiscal Agent (each such notice, a “*Change Notice*”); *provided that*:

(a) if the current rating of such Series from such Relevant Rating Agency is the same as or higher than the Issue Date Rating of such Series from such Relevant Rating Agency, then the percentage shall not be so reduced unless a Rating Agency Confirmation has been obtained with respect thereto from such Relevant Rating Agency, and

(b) if the current rating of such Series from such Relevant Rating Agency is below the Issue Date Rating of such Series from such Relevant Rating Agency, then the percentage shall not be so reduced to below the percentage applicable immediately prior to the most recent downgrade of such Series by such Relevant Rating Agency.

Until a new Required Overcollateralisation Percentage for any Series is selected by the Issuer, the Required Overcollateralisation Percentage for such Series shall be the last figure so notified in a Change Notice from the Issuer to the Relevant Rating Agency and the Fiscal Agent (or, if applicable, the Issue Date Required Overcollateralisation Percentage). Should a Series have more than one Required Rating Agency, then the above in this definition shall be determined independently for each such Required Rating Agency and the Required Overcollateralisation Percentage for such Series shall be the highest resulting percentage.

The Issuer, in its discretion, may increase or, as provided above, decrease the Required Overcollateralisation Percentage for any Series at any time without

the consent of the Covered Bondholders, the Agents and/or any other Secured Creditors. For the avoidance of doubt, the Issuer is under no obligation to increase the Required Overcollateralisation Percentage for any Series regardless of any positive impact doing so might have on the ratings of the Covered Bonds. The Issuer shall notify the Covered Bondholders of a Series of any such change to the Required Overcollateralisation Percentage for such Series in accordance with Condition 14 (*Notices*).

“*Issue Date Rating*” means, in respect of a Series of Covered Bonds and a Relevant Rating Agency, the rating assigned by such Relevant Rating Agency to such Series on the relevant Issue Date.

“*Turkish Lira Equivalent*” means, in respect of a Covered Bond that is denominated in: (a) a currency other than Turkish Lira, the Turkish Lira equivalent of such amount ascertained using the relevant Covered Bond Swap Rate relating to such Covered Bond, and (b) Turkish Lira, the applicable amount in Turkish Lira.

“*Covered Bond Swap Rate*” means, in respect of a Covered Bond, the exchange rate specified in the Currency Hedging Agreement relating to the Series of which such Covered Bond is a part, or, if there is no Currency Hedging Agreement relating to such Series (including if the Currency Hedging Agreement for such Series has been terminated), the applicable Spot Rate.

Rating Agency Confirmation

“*Rating Agency Confirmation*” means, with respect to any Series of Covered Bonds and any specified action or determination, the Relevant Rating Agency has indicated in writing (which may be by email, a signed letter (including facsimile), a public press release, a rating report or any other publication, including a publication on such Relevant Rating Agency’s website) that such action or determination would not result in the credit rating then assigned to such Series by such Relevant Rating Agency being reduced, removed, suspended or placed on negative credit watch with an indication of a potential reduction. For any Series that is not rated by a Relevant Rating Agency, no Rating Agency Confirmation will be required in respect of such unrated Series notwithstanding anything to the contrary in the Transaction Documents.

Whenever the implementation of certain matters is, pursuant to the Conditions and/or the other Transaction Documents, subject to a Rating Agency Confirmation, the requirement shall be satisfied by receipt of (or access to) the Rating Agency Confirmation by the Security Agent; *provided* that: (a) if the applicable Relevant Rating Agency provides a waiver or any communication indicating its decision not to review (or otherwise declining to review) the matter for which the Rating Agency Confirmation is sought, then the requirement for the Rating Agency Confirmation from such Relevant Rating Agency with respect to such matter will be deemed waived, or (b) the Security Agent shall, where directed by the Covered Bondholder Representative or as otherwise provided in the Conditions and/or the other Transaction Documents, waive the requirement for a Rating Agency Confirmation to be obtained.

Breach of Statutory Tests

If, on a Statutory Test Date, there is a Potential Breach of Statutory Test, then the Issuer must cure any breach(es) of the relevant Statutory Test(s) within one month of such Statutory Test Date.

If, in its own monitoring of the Statutory Tests, the Issuer identifies a Potential Breach of Statutory Test, then it will promptly notify the Fiscal Agent, the Security Agent and the Cover Monitor of such breach and must

cure such breach within one month of the Issuer's detection of such breach.

Failure by the Issuer to cure a breach of any one of the Statutory Tests within such one month period (and if there is no corresponding day in the following calendar month, then the relevant Statutory Test will be required to be cured on or before the last day in the aforementioned following calendar month) will constitute a "*Breach of Statutory Test*" and result in: (a) until such breach is cured, an Issuer Event and the Issuer not being able to issue further Covered Bonds, and (b) the actions as set out in "*Accounts and Cash Flow Structure – Designated Account(s)*."

"*Potential Breach of Statutory Test*" means a breach by the Issuer of any one of the Statutory Tests that has not yet become a Breach of Statutory Test.

Issuer Events

The occurrence of any of the following events shall constitute an "*Issuer Event*:"

(a) the Issuer fails to pay any interest (or any Additional Amounts) in respect of the Covered Bonds (including with respect to the Coupons) of any Series within a period of 14 İstanbul Business Days from the due date thereof,

(b) the Issuer fails to pay any principal in respect of the Covered Bonds of any Series (including any Receipts) within a period of seven İstanbul Business Days from the due date (including, in the case of a Series of Covered Bonds that is subject to an Extended Final Maturity Date, the applicable Final Maturity Date) thereof,

(c) the Issuer fails to perform or observe any of its obligations (other than any obligation for the payment of interest, Additional Amounts or principal due under the Covered Bonds, Receipts or Coupons of any Series) under the Agency Agreement, the Transaction Security Documents or any other Transaction Document to which the Issuer is a party, which failure could reasonably be expected to have a materially prejudicial effect on the interests of the Covered Bondholders of any Series and/or any Hedging Counterparties and the Issuer has received notice of the reasonable expectation of such a materially prejudicial effect from the Security Agent and (except where such failure is, or the effects of such failure are, incapable of remedy, in which event no such continuation and notice as is hereinafter mentioned will be required) such failure continues for at least 30 days after the Issuer's receipt of such notice requiring such failure to be remedied,

(d) if: (i) any Indebtedness for Borrowed Money of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described), (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment, subject to any originally applicable grace period, (iii) any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable, or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, in each of (i) through (iv), subject to any applicable grace period; *provided* that the aggregate principal amount of: (A) such Indebtedness for Borrowed Money of the Issuer or such Material Subsidiary in the case of sub-paragraphs (i), (ii) and/or (iii) above, and/or (B) the maximum amount payable by the Issuer or Material Subsidiary under such guarantee and/or indemnity of the Issuer or such Material Subsidiary in the case of sub-paragraph (iv) above, exceeds US\$50,000,000 (or its equivalent

in other currencies),

(e) if:

(i) any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries,

(ii) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or substantially the whole of its business, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of Covered Bondholders,

(iii) the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any Applicable Law or is adjudicated or found by a competent authority to be (or becomes) bankrupt or insolvent,

(iv) the Issuer or any of its Material Subsidiaries commences negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of all or a substantial part of its indebtedness, or

(v) the Issuer or any of its Material Subsidiaries: (A) takes any corporate action or other steps are taken by it or its regulators or legal proceedings are started by it or its regulators: (x) for its winding-up, dissolution, administration, bankruptcy or reorganisation (other than for the purposes of and followed by a reconstruction while solvent upon terms previously approved by an Extraordinary Resolution of Covered Bondholders) or (y) for the appointment of a liquidator, receiver, administrator, administrative receiver, trustee or similar officer of it or any substantial part or all of its revenues and assets or (B) shall or proposes to make a general assignment for the benefit of its creditors or shall enter into any composition with its creditors,

in each case in sub-paragraphs (i) to (v) above, save for the solvent voluntary winding-up, dissolution or reorganisation of any Material Subsidiary in connection with any combination with, or transfer of all or substantially all of its business and/or assets to, the Issuer or one or more other Subsidiary(ies) of the Issuer,

(f) if the banking licence of the Issuer is temporarily or permanently revoked or management of the Issuer is taken over by the Savings Deposit Insurance Fund or other public institution (within the meaning of the Covered Bonds Communiqué) under the provisions of the Banking Law, or

(g) a Breach of Statutory Test.

Notwithstanding anything in the Transaction Documents to the contrary, in the case of Covered Bonds where the applicable Final Terms provide that the Issuer's obligations under the relevant Covered Bonds to pay the Principal Amount Outstanding on the relevant Final Maturity Date may be deferred until the applicable Extended Final Maturity Date, any non-payment by the Issuer of the Principal Amount Outstanding on such Covered Bond on the Final Maturity Date shall not constitute an Event of Default but shall (if not cured by the end of the applicable cure period) constitute an Issuer Event.

“*Indebtedness for Borrowed Money*” of any person means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of:

- (a) any notes, bonds, debentures, debenture stock, loan stock or other securities issued by such person,
- (b) any borrowed money borrowed by such person, or
- (c) any liability under or in respect of any acceptance or acceptance credit issued by or for such person.

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

- (a) whose total assets (consolidated in the case of a Subsidiary that itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated IFRS financial statements of the Issuer relate, are equal to) not less than 15% of the consolidated total assets of the Group, all as calculated respectively by reference to the then latest audited IFRS financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated IFRS financial statements of the Issuer; *provided* that: (i) in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated IFRS financial statements of the Issuer and its Subsidiaries relate or (ii) in the case of any such Subsidiary for which its then latest relevant audited accounts, at the time of such acquisition, are not prepared in accordance with IFRS, the reference to the then latest audited consolidated IFRS financial statements of the Issuer and the relevant then latest IFRS financial statements of such Subsidiary for the purposes of the calculation above shall, until audited consolidated IFRS accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such consolidated IFRS financial statements of the Issuer as if such Subsidiary had been shown in those financial statements by reference to such Subsidiary’s then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer (including to reflect a conversion of such accounts into IFRS if the then latest relevant audited accounts of such Subsidiary were not prepared in accordance with IFRS),
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer that immediately prior to such transfer is a Material Subsidiary; *provided* that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall immediately become a Material Subsidiary pursuant to this sub-paragraph (b) until the earlier of: (i) any transfer by it as described in this sub-paragraph (b), in which event this sub-paragraph (b) shall apply, and (ii) the date of publication of any of the Issuer’s future consolidated audited IFRS financial statements unless it would then be a Material Subsidiary under sub-paragraph (a) above, or
- (c) to which is transferred an undertaking or assets that, taken together with the undertaking or assets of the transferee Subsidiary, represent (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated IFRS financial statements of the Issuer relate, are equal to) not less than 15% of the consolidated total assets of the Group taken as a whole (calculated as set out in sub-paragraph (a) above); *provided* that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material

Subsidiary unless, immediately following such transfer, its assets represent (or, in the case aforesaid, are equal to) not less than 15% of the consolidated total assets of the Group taken as a whole (all as calculated as set out in sub-paragraph (a) above), and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this sub-paragraph (c) on the date of the publication of the Issuer's next audited IFRS consolidated financial statements, save that such transferor Subsidiary or such transferee Subsidiary may be (or cease to be) a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

A report by the auditors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not (as applicable) at any particular time a Material Subsidiary will, in the absence of manifest or proven error, be conclusive and binding on all parties (for the avoidance of doubt, such is not the only method of determining whether a Subsidiary of the Issuer is or is not or was or was not a Material Subsidiary).

“*Coupons*” means interest coupons in respect of Bearer Definitive Covered Bonds.

“*Receipt*” means a receipt for the payment of Instalments of principal (other than the final Instalment) attached on issue to Bearer Definitive Covered Bonds repayable in Instalments, such receipt being substantially in the form set out in the Agency Agreement or in such other form as may be agreed among the Issuer, the Fiscal Agent and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s), and includes any replacements for Receipts issued pursuant to Condition 11 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*).

“*Talon*” means a talon attached on issue to a Bearer Definitive Covered Bond that is exchangeable in accordance with its provision for further Coupons appertaining to such Covered Bond.

“*Lead Manager*” means, in relation to any Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement or, when only one Dealer signs such Subscription Agreement, such Dealer.

Authorised Investments.....

Pursuant to the Offshore Bank Account Agreement, the Issuer is entitled to draw sums from time to time standing to the credit of the Non-TL Designated Account(s) maintained with the Offshore Account Bank for purchasing Authorised Investments. For the avoidance of doubt: (a) Hedge Collateral and/or amounts standing to the credit of the Hedge Collateral Account(s) may not be used to purchase Authorised Investments; *however*, Hedge Collateral can (to the extent agreed between the Issuer and the applicable Hedging Counterparty) be provided in investments (*e.g.*, securities) other than cash, (b) amounts standing to the credit of the Non-TL Hedge Collection Account(s) may not be used to purchase Authorised Investments and (c) amounts standing to the credit of the Agency Account may be used to purchase Authorised Investments only in the manner described in the Offshore Bank Account Agreement. Notwithstanding anything in the Transaction Documents to the contrary, no Issuer Event or Event of Default shall occur in respect of the invalidity or non-perfection of the Non-Statutory Security in respect of Authorised Investments not held in the Non-TL Designated Account and the Issuer makes no representations with respect thereto.

“*Authorised Investments*” means: (a) government and public securities, and (b) demand or time deposits, certificates of deposits and short-term debt obligations; *provided* that all such Authorised Investments meet the: (i) requirements for eligible assets that can be Substitute Assets, (ii) criteria (which are commensurate with the then current rating of the highest-rated Tranche of Covered Bonds rated by such Relevant Rating Agency) of the applicable Relevant Rating Agency (and should there be more than one Relevant Rating Agency, then any such investment must satisfy each of the applicable above minimum rating requirements) and (iii) requirement that they are denominated in the same currency as the currency of the applicable Offshore Bank Account.

ACCOUNTS AND CASH FLOW STRUCTURE:

Collection Account.....

On or about the Programme Closing Date, a Turkish Lira-denominated segregated account was established, and has thereafter been maintained, at the Bank (the “*Collection Account*”).

The Bank will deposit or credit within one Istanbul Business Day of receipt all collections of interest and principal and any other amounts it receives on the Cover Pool Assets denominated in Turkish Lira (including all moneys received from Authorised Investments denominated in Turkish Lira, if any, and payments under Hedging Agreements) included in the Cover Pool Assets into the Collection Account; *provided* that such need not apply with respect to any such amounts that the Issuer collects on behalf of a governmental authority or other third party (*e.g.*, taxes) or for house-related payments due by the applicable Borrower to third parties for which the Issuer is acting as a collection agent (*e.g.*, home insurance). The Bank will not commingle any of its other funds and general assets (including any Related Payments) with amounts standing to the credit of the Collection Account. For purposes of calculating compliance with the Statutory Tests: (a) cash amounts standing to the credit of the Collection Account (and investments made with such amounts) shall not constitute part of the Cover Pool and (b) the TL Designated Account (and investments made with such amounts) shall constitute part of the Cover Pool.

All amounts deposited in, and standing to the credit of, the Collection Account and the TL Designated Account shall constitute segregated property distinct from all other property of the Bank pursuant to Article 13 of the Covered Bonds Communiqué.

Unless an Issuer Event of the type described in sub-paragraphs (a) through (f) of the definition thereof or an Event of Default is then continuing, the Bank will be entitled to withdraw amounts from time to time standing to the credit of the Collection Account, if any, that (if such amounts were transferred to the TL Designated Account) would result in there being funds that are in excess of any cash amounts required to satisfy the Statutory Tests (for the avoidance of doubt, the Issuer shall not withdraw or use such amounts if a Potential Breach of Statutory Test is continuing on the applicable withdrawal date).

With respect to any Turkish Lira payments received by the Issuer under Hedging Agreements, such amounts deposited into the Collection Account or the TL Designated Account (and any proceeds of Authorised Investments made with such funds) shall be maintained in a sub-account of such account so as to distinguish them from the other amounts in the Collection Account or TL Designated Account, as applicable; *however*, all such amounts shall, for all other purposes of the Transaction Documents, otherwise be treated as part

of the Collection Account or TL Designated Account, as applicable.

Designated Account(s)

On or about the Programme Closing Date, a segregated TL-denominated account was established, and has thereafter been maintained, at the Bank (the “*TL Designated Account*”).

Pursuant to Article 26(4) of the Covered Bonds Communiqué, where the Cover Monitor determines that the Issuer has not satisfied the conditions specified in Article 26(3) of the Covered Bonds Communiqué, it shall submit a notice to the Borrowers of the Mortgage Assets, notifying them that they have to make their payments to an account, which is not held with the Issuer and does not belong to the Issuer, within the scope of Article 13(8) of the Covered Bonds Communiqué, or take equivalent measures approved by the CMB.

With respect to payments made to the Issuer on Substitute Assets in currencies other than Turkish Lira, the applicable accounts into which such payments shall be deposited shall be located outside Turkey and maintained at the Offshore Account Bank. A separate account will be established for each such applicable currency (such accounts together being the “*Non-TL Designated Account(s)*,” and together with the TL Designated Account, the “*Designated Account(s)*”) in the name of the Issuer. Notwithstanding the above, such payments may be payable directly to the Issuer (including within Turkey and/or through a clearing system such as Euroclear or Clearstream); *provided* that the Issuer shall transfer (within two İstanbul Business Days of receipt or, if such second İstanbul Business Day is not a business day for the Offshore Account Bank, by the next day that is both an İstanbul Business Day and a business day for the Offshore Account Bank) all such amounts to the applicable Non-TL Designated Account(s).

Unless an Issuer Event of the type described in sub-paragraphs (a) through (f) of the definition thereof or an Event of Default is then continuing, the Issuer will be entitled to withdraw amounts from time to time standing to the credit of the relevant Designated Account(s), if any, that are in excess of any cash amounts required to satisfy the Statutory Tests; *provided* that the Issuer shall not be entitled to withdraw amounts from the Non-TL Designated Account(s) during the continuance of a Transferability and Convertibility Event other than in accordance with the provisions of the Calculation Agency Agreement and the Offshore Bank Account Agreement to pay Secured Creditors (for the avoidance of doubt, the Issuer shall not withdraw any amount from such accounts if a Potential Breach of Statutory Test is continuing on the applicable withdrawal date).

“*Transferability and Convertibility Event*” means, with respect to any Series:

- (a) the occurrence of any event that is continuing on an İstanbul Business Day that generally makes it impossible to convert Turkish Lira into the applicable Specified Currency in Turkey through customary legal channels, and/or
- (b) the occurrence of any event that is continuing on an İstanbul Business Day that generally makes it impossible to deliver: (i) Turkish Lira or the applicable Specified Currency from accounts inside Turkey to accounts outside Turkey or (ii) Turkish Lira or the applicable Specified Currency between accounts inside Turkey to a party that is a non-resident of Turkey,

provided that where such impossibility to convert or deliver (as described in sub-paragraphs (a) and (b) above) arises as a direct result of *force majeure* (including earthquake, but excluding any governmental action or laws that result in either sub-paragraph (a) or (b) above), a Transferability and Convertibility Event shall only occur if the impossibility to convert or deliver continues for longer than 10 İstanbul Business Days.

After the occurrence of a Potential Breach of Statutory Test, an Event of Default or an Issuer Event, the Issuer shall procure that within two İstanbul Business Days of its detection thereof (and on each İstanbul Business Day thereafter for so long as such Potential Breach of Statutory Test, Event of Default or Issuer Event is continuing), all amounts on deposit in the Collection Account are transferred by the Issuer to the TL Designated Account (and the Issuer may also cause any or all of such amounts to be paid directly into the TL Designated Account). Other than Turkish Lira that is identified to act as Substitute Assets, the Issuer will not commingle any of its other funds and general assets with amounts standing to the credit of the TL Designated Account.

During the continuance of an Issuer Event or an Event of Default, the Designated Account(s) will be the bank account(s) used for the crediting of, *inter alia*, amounts standing to the credit of the Collection Account or in respect of the Cover Pool Assets (other than Hedge Collateral, which will continue to be paid into the applicable Hedge Collateral Account, and non-Turkish Lira payments under Hedging Agreements, which will continue to be paid into the applicable Non-TL Hedge Collection Account) and to make payments under the Covered Bonds and Hedging Agreements, including:

- (a) amounts in the Collection Account transferred by the Issuer from the Collection Account to the TL Designated Account or amounts deposited directly into the TL Designated Account, in each case as described above,
- (b) other than funds transferred as described in clause (a), any amounts (to the extent part of the Cover Pool) received by the Issuer in respect of the Mortgage Assets (for the avoidance of doubt, such does not include Related Payments),
- (c) any amounts received in respect of Authorised Investments made from funds in the applicable Designated Account(s),
- (d) any amounts credited into the applicable Designated Account(s) by the Issuer from its own funds, including Authorised Investments that are Substitute Assets or for effecting payments on the Covered Bonds,
- (e) any amounts received in Turkish Lira under a Hedging Agreement (other than Hedge Collateral), and
- (f) any amounts transferred by the Issuer or the Administrator, as applicable, in connection with the sale of Cover Pool Assets.

Non-TL Hedge Collection

Account(s).....

With respect to payments by a Hedging Counterparty on the Hedging Agreements in currencies other than Turkish Lira, a separate account (each such account being a “*Non-TL Hedge Collection Account*”) will be established and maintained for each applicable currency with the Offshore Account Bank pursuant to the Offshore Bank Account Agreement, each of which accounts to be in the name of the Security Agent for the benefit of and on trust for the Secured Creditors (for the purpose of clarification, a transfer or delivery by a Hedging Counterparty of Hedge Collateral is not a payment on a Hedging Agreement). Payments that are not in Turkish Lira made by the Hedging Counterparties to the Issuer under each Hedging Agreement will be credited to the relevant Non-TL Hedge Collection Account.

Hedge Collateral Account(s).....

With respect to Hedge Collateral provided by Hedging Counterparties to the Issuer pursuant to the Hedging Agreements (other than with respect to Hedge Collateral in Turkish Lira, which will be managed in the manner agreed in the applicable Hedging Agreement), a separate account (each such account being a “*Hedge Collateral Account*”) will be established and maintained pursuant to the Offshore Bank Account Agreement for each applicable currency and for each applicable Hedging Counterparty in respect of each relevant Hedging Agreement with the Offshore Account Bank in the name of the Security Agent for the benefit of and on trust for the Secured Creditors (to the extent such Hedge Collateral does not constitute Excess Hedge Collateral) and for the benefit of and on trust for the relevant Hedging Counterparty (to the extent such Hedge Collateral constitutes Excess Hedge Collateral). Hedge Collateral (other than in Turkish Lira) provided to the Issuer by a Hedging Counterparty under a Hedging Agreement shall be credited to the relevant Hedge Collateral Account.

“*Hedge Collateral*” means, at any time, any asset or right (including, without limitation, cash and/or securities) that is paid, transferred or pledged by a Hedging Counterparty to (or for the benefit of) the Issuer as collateral in respect of the performance by such Hedging Counterparty of its obligations under the relevant Hedging Agreement, together with any income or distributions received in respect of such asset or right and any equivalent of such asset or right into which such asset or right is transformed.

All amounts deposited in, and standing to the credit of, a Designated Account shall constitute segregated property distinct from all other property of the Bank pursuant to Article 13 of the Covered Bonds Communiqué.

Events of Default.....

An “*Event of Default*” arises if one or both of the following events occurs and is continuing:

(a) the Issuer fails to pay any interest (or any Additional Amounts) in respect of the Covered Bonds (including with respect to the Coupons) of any Series within a period of 14 İstanbul Business Days from the due date thereof, or

(b) on the Final Maturity Date (in the case of Covered Bonds that are not subject to an Extended Final Maturity Date) or Extended Final Maturity Date (in the case of Covered Bonds that are subject to an Extended Final Maturity Date), as applicable, of any Series of Covered Bonds there is a failure to pay any amount of principal due on such Covered Bonds on

such date and such default is not remedied within a period of seven İstanbul Business Days from the due date thereof.

At any time following the occurrence of any Event of Default and for so long as such Event of Default is continuing, the Security Agent, acting as directed by the Covered Bondholder Representative, may serve a notice of default on the Issuer (such notice, a “*Notice of Default*”), upon the Issuer’s receipt of which the Principal Amount Outstanding of the Covered Bonds of each Series shall become immediately due and payable at their Early Redemption Amount as set out in the Final Terms.

In such circumstances, interest shall continue to accrue on any Covered Bond that has not been redeemed and any payments of interest or principal in respect of such Covered Bond shall be made until the date on which such Covered Bond is cancelled or redeemed.

In the case of Soft Bullet Covered Bonds where the applicable Final Terms provide that the Issuer’s obligations under the relevant Covered Bonds to pay the applicable Principal Amount Outstanding on the relevant Final Maturity Date may be deferred until the applicable Extended Final Maturity Date, any non-payment by the Issuer of the Principal Amount Outstanding on such Soft Bullet Covered Bonds on such Final Maturity Date shall not constitute an Event of Default but shall (if not cured by the end of the applicable cure period) constitute an Issuer Event.

Cover Monitor Agreement.....

Under the terms of the cover monitor agreement (*Teminat Sorumlusu Sözleşmesi*) entered into on the Programme Closing Date, as amended on 25 January 2017, between the Cover Monitor and the Issuer (the “*Cover Monitor Agreement*”), the Cover Monitor has agreed to carry out any and all assessments, checks and notification duties in relation to the calculations performed by the Issuer in relation to the Statutory Tests. The Cover Monitor Agreement is executed in Turkish and English.

The Cover Monitor Agreement is governed by Turkish law.

Security Assignment

The Issuer has assigned to the Security Agent its rights arising under the Hedging Agreements (to the extent governed by the laws of England and Wales) and the other Transaction Documents governed by the laws of England and Wales (other than the Security Assignment, the Programme Agreement, any Subscription Agreement and any deed expressed to be supplemental to the Security Assignment, the Programme Agreement and/or any Subscription Agreement) pursuant to a security assignment entered into on the Programme Closing Date and amended and restated as of 26 April 2016 and 31 May 2017 (the “*Security Assignment*”).

The Security Assignment is governed by the laws of England and Wales.

Agency Agreement.....

Under the terms of an agency agreement dated the Programme Closing Date, as amended and restated on 26 April 2016 and 31 May 2017, among the Issuer, the Agents and the Security Agent (the “Agency Agreement”), the Agents have each agreed to provide the Issuer with certain agency services. In particular, each Paying Agent has agreed to hold available for inspection at its specified office during normal business hours copies of all documents required to be so available by the Conditions of any Covered Bonds or the rules of any relevant Stock Exchange (or any other relevant authority). For these purposes, the Issuer shall provide the Paying Agents with sufficient copies of each of the relevant documents.

The Agency Agreement is governed by the laws of England and Wales.

Deed of Covenant.....

The Covered Bondholders are entitled to the benefit of a deed of covenant dated 31 May 2017 executed as a deed by the Issuer in favour of certain direct participants with DTC, Euroclear, Clearstream, Luxembourg and any other agreed clearing system (the “Deed of Covenant”). The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

The Deed of Covenant is governed by the laws of England and Wales.

Offshore Bank Account Agreement
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Under the terms of the Offshore Bank Account Agreement dated the Programme Closing Date as amended and restated on 26 April 2016 and 31 May 2017 among the Issuer, the Offshore Account Bank and the Security Agent (the “Offshore Bank Account Agreement”), the Offshore Account Bank has agreed to open and maintain the Offshore Bank Accounts.

Hedging Agreements

The Issuer may, from time to time, enter into hedging agreements that satisfy the requirements of the Covered Bonds Communiqué (the “Hedging Agreements”) with one or more Hedging Counterparty(ies) to hedge certain interest rate and currency risks associated with the Mortgage Assets and/or the Covered Bonds and where the relevant Hedging Counterparties benefit from the Statutory Segregation over the Cover Pool Assets. The Issuer’s rights under each Hedging Agreement shall form part of the Cover Pool.

Hedging agreements that do not satisfy the requirements of Article 11 of the Covered Bonds Communiqué will not form part of the Cover Pool and hedging counterparties to such hedging agreements will not benefit from the Statutory Segregation over the Cover Pool Assets.

Where a Hedging Counterparty provides Hedge Collateral (other than in Turkish Lira) to the Issuer in accordance with the terms of a Hedging Agreement, such collateral will be credited to the relevant Hedge Collateral Account. Any Hedge Collateral applied in satisfying any termination payments payable by the relevant Hedging Counterparty to the Issuer in respect of the relevant Hedging Agreement: (a) if not in Turkish Lira, shall be transferred to the Non-TL Hedge Collection Account of the corresponding currency, and (b) if in Turkish Lira, shall be transferred to the Collection Account or the TL Designated Account, as applicable. Excess Hedge Collateral (including any standing to the credit of the Hedge Collateral Account(s)) shall not be available to Secured Creditors (other than to the relevant Hedging Counterparty) and (if in a Hedge Collateral Account) shall be returned by the Offshore

Account Bank to the relevant Hedging Counterparty upon a request from the Issuer.

The Hedging Agreements included in the Cover Pool shall be governed by the laws of England and Wales unless specified otherwise in the applicable Hedging Agreement.

“*Currency Hedging Agreement*” means an agreement among the Issuer, the relevant Currency Hedge Provider and the Security Agent governing a foreign exchange transaction (including, without limitation, an option or forward) in the form of: (a) an ISDA Master Agreement, including a schedule and one or more confirmation(s) and a credit support annex, (b) a foreign exchange facility or line, or (c) an analogous market agreement for the purchase or sale (or hedge) of foreign currencies.

“*Interest Rate Hedging Agreement*” means an agreement among the Issuer, the relevant Interest Rate Hedge Provider and the Security Agent governing an interest rate hedge in the form of an ISDA Master Agreement, including (as applicable) a schedule, one or more confirmation(s) and a credit support annex.

Transaction Documents.....

The Programme Agreement, the Agency Agreement, the Security Agency Agreement, the Transaction Security Documents, the Calculation Agency Agreement, the Offshore Bank Account Agreement, the Cover Monitor Agreement, the Master Definitions and Construction Schedule, the Hedging Agreements, the Insurance Policies, the Insurance Agreements, the Deed Poll, the Deed of Covenant, the Conditions, the Covered Bonds, the Receipts, the Coupons, each of the Final Terms, each Subscription Agreement and each custody agreement entered into from time to time in connection with the holding of any Authorised Investments, together with any other agreement or document entered into in respect of the Covered Bonds and/or the Cover Pool and designated as a Transaction Document by the Issuer and the Security Agent, are together referred to as the “*Transaction Documents*.”

“*Subscription Agreement*” means an agreement (by whatever name called) in or substantially in the form set out in the Programme Agreement or in such other form as may be agreed between the Issuer and the Lead Manager (named therein) or one or more Dealer(s) (as the case may be) or (in the case of a direct purchase of Covered Bonds by an investor) the relevant Covered Bondholder(s).

“*Insurance Agreement*” means an agreement entered into by the Insurer and the Issuer with respect to an Insurance Policy, such agreement as identified in the applicable Final Terms.

“*Insurance Policy*” means an insurance policy for the benefit of investors in any Series as identified in the applicable Final Terms, which policy covers transfer, convertibility, foreign currency, interest rate and/or other risks relating to such Series.

Amendment

The Agency Agreement provides that the Issuer may (without the consent of the other parties thereto and, subject to the provisions of the other applicable Transaction Documents, the other parties thereto and any other Secured Creditors) make certain amendments to the Transaction Documents as provided in “*Description of the Transaction Documents – Agency Agreement – Amendments*.”

Investor Report

For so long as any Covered Bonds are outstanding that are listed on any regulated market of a Member State or offered to the public in a Member

State, in each case, in circumstances that require the publication of a prospectus under the Prospectus Directive (or analogous requirement in any jurisdiction outside Turkey in which the Covered Bonds are issued or listed on a relevant stock exchange), on or before the İstanbul Business Day that falls 25 days after the expiration of each Collection Period (to the extent required to be published with respect to such Collection Period pursuant to Part 3 of Schedule 1 to the Security Agency Agreement) (each an “*Investor Report Date*”), the Issuer will publish on its website an investor report (the “*Investor Report*”) that will contain information regarding the Covered Bonds and the Cover Pool Assets, including statistics relating to the financial performance of the Cover Pool Assets for the immediately preceding Collection Period. Such report will be available to prospective investors in the Covered Bonds and to Covered Bondholders on Bloomberg and on the Issuer’s website.

“*Collection Period*” means the period from (and including) the first calendar day of a calendar month (or, in the case of the first collection period, the Programme Closing Date) to (and including) the last calendar day of such calendar month; *provided* that, in the event that the first collection period would (but for the operation of this proviso) be for a duration of less than 15 days, the first collection period means the period from and including the Programme Closing Date to (and including) the last calendar day of the calendar month following the calendar month in which the Programme Closing Date occurs.

SCHEDULE C

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form (with or without interest coupons attached) or registered form (without interest coupons attached), in each case either as Global Covered Bonds or Definitive Covered Bonds. Bearer Covered Bonds will be issued outside the United States to non-U.S. persons in reliance upon Regulation S and Registered Covered Bonds will be issued both in “offshore transactions” to persons who are not U.S. persons in reliance upon the exemption from registration provided by Regulation S, to Dealers for re-sale to QIBs in reliance upon Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

As of the date of this Base Prospectus, the Issuer is (in accordance with the Debt Instruments Communiqué) required to notify the Central Registry İstanbul within three İstanbul business days from the applicable Issue Date of a Tranche of Covered Bonds of the amount, Issue Date, ISIN (if any), interest commencement date, maturity date, interest rate, name of the custodian and currency of such Covered Bonds and the country of issuance.

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will initially be issued in the form of a temporary global covered bond (a “*Temporary Bearer Global Covered Bond*”) or, if so specified in the applicable Final Terms, a permanent global covered bond (a “*Permanent Bearer Global Covered Bond*”) and, together with a Temporary Bearer Global Covered Bond, each a “*Bearer Global Covered Bond*”), which, in either case, will:

(a) if such Bearer Global Covered Bonds are issued in new global covered bond (“*NGCB*”) form, as stated in the applicable Final Terms, be delivered on or prior to the original Issue Date of such Tranche to a common safekeeper (the “*Common Safekeeper*”) for Euroclear and Clearstream, Luxembourg, and

(b) if such Bearer Global Covered Bonds are not issued in NGCB form, be delivered on or prior to the original Issue Date of such Tranche to a common depository (the “*Common Depository*”) for, Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Covered Bonds issued in respect of any Tranche are in NGCB form, the applicable Final Terms will also indicate whether such Bearer Global Covered Bonds are intended to be held in a manner that would allow Eurosystem eligibility. Any indication that a Bearer Global Covered Bond is to be so held does not necessarily mean that the Covered Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGCBs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Covered Bond is represented by a Temporary Bearer Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of such Covered Bonds due prior to the applicable Exchange Date (as defined below) will only be made (against presentation of such Temporary Bearer Global Covered Bond if such Temporary Bearer Global Covered Bond is not issued in NGCB form) if certification (in a form to be provided) to the effect that the beneficial owners of interests in such Temporary Bearer Global Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has/have given a like certification (based upon the certifications it has received) to the Fiscal Agent.

For any Temporary Bearer Global Covered Bond, on and after the date (the “*Exchange Date*”) that is 40 days after the later of the commencement of the offering of the applicable Series and such Series’ Issue Date, interests in such Temporary Bearer Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for: (a) interests in a Permanent Bearer Global Covered Bond of the same Series or (b) Bearer Definitive Covered Bonds of the same Series with, where applicable, interest

coupons, receipts and talons attached (as indicated in the applicable Final Terms and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given; *provided* that purchasers in the United States and certain U.S. persons will not be able to receive Bearer Definitive Covered Bonds. The holder of a Temporary Bearer Global Covered Bond (or a beneficial interest therein) will not be entitled to collect any payment of interest, principal or other amount due on or after the applicable Exchange Date unless, upon due certification, exchange of such Temporary Bearer Global Covered Bond for an interest in a Permanent Bearer Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Covered Bond if the Permanent Bearer Global Covered Bond is not issued in NGCB form) without any requirement for certification in the manner described above.

The applicable Final Terms will specify that a Bearer Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Covered Bonds with, where applicable, interest coupons and talons attached (as provided in the applicable Final Terms): (a) on not less than 60 days' written notice given at any time from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Covered Bond) to the Fiscal Agent as described therein, (b) upon the occurrence of an Exchange Event and/or (c) at any time at the request of the Issuer. For these purposes, "*Exchange Event*" means that: (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of at least 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences that would not be suffered were the Covered Bonds represented by a Permanent Bearer Global Covered Bond in definitive form. The Issuer will promptly give notice to the applicable Covered Bondholders in accordance with Condition 14 (*Notices*) upon the occurrence of an Exchange Event.

In the event of the occurrence of any Exchange Event described in clause (i) or (ii) of the definition thereof in the preceding paragraph, one or more of the relevant Clearing Systems or the Common Safekeeper for the relevant Clearing Systems (if the applicable Final Terms indicates that the applicable Global Covered Bond is a NGCB) or the Common Depository (if the applicable Final Terms indicates that the applicable Global Covered Bond is not a NGCB) on their behalf acting on the instructions of any holder of an interest in the applicable Global Covered Bond may give notice to the Fiscal Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in clause (iii) of the definition thereof in the preceding paragraph, the Issuer may give notice to the Fiscal Agent requesting exchange. Any such exchange shall occur no later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent.

The following legend will appear on all Bearer Covered Bonds (other than Bearer Covered Bonds issued in compliance with TEFRA C or Temporary Bearer Global Covered Bonds) that have an original maturity of more than one year and on all interest coupons relating to such Covered Bonds:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections of the Code referred to above provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds or interest coupons with respect thereto and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Covered Bonds or interest coupons.

Covered Bonds that are represented by a Bearer Global Covered Bond will only be transferable in

accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Bearer Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purposes of their immobilisation in accordance with Article 4 of the Belgian law of 14 December 2005.

Registered Covered Bonds

The Registered Covered Bonds of each Tranche offered and sold in reliance upon Regulation S in offshore transactions to persons other than U.S. persons will initially be represented by a global covered bond in registered form (a “*Regulation S Registered Global Covered Bond*”) or, if so specified in the applicable Final Terms, by a registered covered bond in definitive form (a “*Definitive Regulation S Registered Covered Bond*”). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to a Tranche of Covered Bonds, Registered Covered Bonds of such Tranche offered and sold in reliance upon Regulation S (including Definitive Regulation S Registered Covered Bonds) or beneficial interests therein may not be offered or sold to, or for the account or benefit of, a U.S. person except as otherwise provided in “*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*” and such Covered Bonds will bear a legend regarding such restrictions on transfer.

The Registered Covered Bonds (or beneficial interests therein) of each Tranche offered and sold in the United States or to, or for the account or benefit of, U.S. persons may only be offered and sold by the Issuer or any person acting on its behalf: (a) to QIBs, (b) to Institutional Accredited Investors who execute and deliver an IAI Investment Letter in which they agree to purchase the Covered Bonds for their own account and not with a view to the distribution thereof or (c) in transactions that are otherwise exempt from the registration requirements of the Securities Act. The Registered Covered Bonds of each Tranche sold to QIBs pursuant to Rule 144A will be represented by a global covered bond in registered form (a “*Rule 144A Global Covered Bond*”) or, if so specified in the applicable Final Terms, by a registered covered bond in definitive form.

Registered Global Covered Bonds will either be: (a) deposited with a custodian for, and registered in the name of a nominee of, DTC or (b) deposited with a Common Depository or, if the Registered Global Covered Bonds are to be held under the New Safekeeping Structure (“*NSS*”), a Common Safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of that common depository or common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Covered Bonds in fully registered form.

Where the Registered Global Covered Bonds issued in respect of any Tranche are to be held under the NSS, the applicable Final Terms will also indicate whether such Registered Global Covered Bonds are intended to be held in a manner that would allow Eurosystem eligibility. Any indication that a Registered Global Covered Bond is to be so held does not necessarily mean that the Covered Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for registered Global Covered Bonds to be held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

The Registered Covered Bonds of each Tranche sold to Institutional Accredited Investors in reliance upon Section 4(a)(2) of the Securities Act will be in definitive form, registered in the name of the holder thereof (“*Definitive IAI Registered Covered Bonds*”) or, if so specified in the applicable Final Terms, by a global covered bond in registered form (an “*IAI Global Covered Bond*” and, together with a Rule 144A Global Covered Bond and a Regulation S Registered Global Covered Bond, each a “*Registered Global Covered Bond*”). An interest in an IAI Global Covered Bond sold by the Issuer to an Institutional Accredited Investor will only be transferable to QIBs or to non-U.S. persons in offshore transactions, in accordance with the legends regarding restrictions on transfer set out under “*Subscription and Sale and Transfer and Selling Restrictions*,” until the date that is one year after the later of the last Issue Date for the applicable Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such

securities. Unless otherwise set forth in the applicable Final Terms, Definitive IAI Registered Covered Bonds will be issued, and interests in an IAI Global Covered Bond may be purchased, only in minimum denominations of at least US\$500,000 and integral multiples of US\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Covered Bonds and interests in Global Covered Bonds will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Subscription and Sale and Transfer and Selling Restrictions.*” Institutional Accredited Investors that hold Definitive IAI Registered Covered Bonds may not elect to hold such Covered Bonds through the Clearing Systems.

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of provision to the contrary, be made to the person shown on the Register as the registered holder of the Registered Global Covered Bonds on the relevant Record Date. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date immediately preceding the due date for payment in the manner provided in Condition 5.4 (*Payments in respect of Registered Covered Bonds*).

Interests in a Registered Global Covered Bond will be exchangeable in whole but not in part (free of charge) for Registered Definitive Covered Bonds without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “*Exchange Event*” means that: (a) an Event of Default has occurred and is continuing, (b) in the case of Covered Bonds registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, (c) in the case of Covered Bonds registered in the name of a nominee for a common depository or, as the case may be, common safekeeper for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of at least 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available, or (d) the Issuer has or will become subject to adverse tax consequences that would not be suffered were the Covered Bonds not represented by the Registered Global Covered Bond.

The Issuer will promptly give notice to the applicable Covered Bondholders in accordance with Condition 14 (*Notices*) upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event described in clause (a), (b) or (c) of the definition thereof in the preceding paragraph, the applicable Clearing System(s) or any person acting on its/their behalf, acting on the instructions of any holder of an interest in the applicable Global Covered Bond, may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in clause (d) of the definition thereof in the preceding paragraph, the Issuer may give notice to the Registrar requesting exchange. Any such exchange shall occur no later than 45 days after the date of receipt of the relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Covered Bond or, upon the delivery of an IAI Investment Letter, in the form of a Definitive IAI Registered Covered Bond and Definitive IAI Registered Covered Bonds may, subject to compliance with all applicable restrictions and if there is a Registered Global Covered Bond for the applicable Series, be transferred to a person who wishes to hold such Covered Bonds in the form of an interest in such Registered Global Covered Bond. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **The Covered Bonds are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions (see**

“Subscription and Sale and Transfer and Selling Restrictions”).

General

Pursuant to the Agency Agreement, the Fiscal Agent shall arrange that, where a further Tranche of Covered Bonds is issued that is to be consolidated with, and form a single Series with, an existing Tranche of Covered Bonds on a date after the Issue Date of the further Tranche, the Covered Bonds of such further Tranche shall, as applicable, be assigned a common code and ISIN and, where applicable, a CUSIP and/or CINS number that are different from the security numbers assigned to Covered Bonds of any other Tranche of the same Series until such time as such Tranches are consolidated and form a single Series, which shall not be prior to the expiry of any applicable distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Covered Bonds of such further Tranche.

A Covered Bond may be accelerated by the holder thereof in certain circumstances described in Condition 10 (*Events of Default*). In such circumstances, where any Covered Bond is still represented by a Global Covered Bond and such Global Covered Bond (or any part thereof) has become due and repayable in accordance with the Conditions of such Covered Bonds and payment in full of the amount due has not been made in accordance with the provisions of the Global Covered Bond, then from 8.00 p.m. (London time) on the day immediately following the applicable due date, holders of interests in such Global Covered Bond credited to their account with a Clearing System, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by such Clearing System, on and subject to the terms of the Deed of Covenant.

The Issuer may agree with any Dealer or Covered Bondholder that Covered Bonds may be issued in a form not contemplated by the Conditions of the Covered Bonds herein, in which event (for any listed issuance) a new prospectus or a supplement to this Base Prospectus, if appropriate, will be made available that will describe the effect of the agreement reached in relation to such Covered Bonds.

SCHEDULE D

FORM OF APPLICABLE FINAL TERMS

Set out below is the form of Final Terms that, subject to any necessary amendment, will be completed for each Tranche of Covered Bonds issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

[NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF COVERED BONDS DESCRIBED BELOW.]¹

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Covered Bonds (or beneficial interests therein) are not intended, from 1 January 2018, to be offered, sold or otherwise made available to (and, with effect from such date, should not be offered, sold or otherwise made available to) any retail investor in the European Economic Area (the “EEA” and each such investor, an “EEA Retail Investor”). 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 Directive 2014/65/EU (as amended, “MiFID II”), (b) a customer within the meaning of Directive 2002/92/EC (as amended, the “IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (c) not a qualified investor as defined in Directive 2003/71/EC (as amended, including by Directive 2010/73/EU). Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Covered Bonds (or beneficial interests therein) or otherwise making them available to EEA Retail Investors has been prepared and, therefore, offering or selling the Covered Bonds (or beneficial interests therein) or otherwise making them available to any EEA Retail Investors might be unlawful under the PRIIPs Regulation.]²

[Date]

TÜRKİYE GARANTİ BANKASI A.Ş.

**Issue of [Aggregate Principal Amount of Tranche] [Title of Covered Bonds] (the “Covered Bonds”)
under the €5,000,000,000
Global Covered Bond Programme**

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 25 April 2017 [and the supplement[s] to it dated [date] [and [date]]], which [together] constitute[s] a base prospectus [for the purposes of the Prospectus Directive]³ (the “Base Prospectus”). This document constitutes the Final Terms of the Covered Bonds described herein [for the purposes of Article 5.4 of the Prospectus Directive] and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Issuer’s website (<https://www.garantiinvestorrelations.com/en/debt-information/Covered-Bond/Covered-Bond/806/3303/0>).

¹ Include for Covered Bonds having a maturity of less than one year or that are neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances in which a prospectus is required to be published under the Prospectus Directive where in each case a Pricing Supplement is to be completed in place of Final Terms.

² Only applicable where paragraph 7(g) of Part B of the Final Terms is marked as “Applicable.”

³ Delete where the Covered Bonds are neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive.

[Include whichever of the following apply or specify as “Not Applicable.” Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs that are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[If the Covered Bonds have a maturity of less than one year from the date of their issue, the minimum denomination must be £100,000 or its equivalent in any other currency.]

1. Issuer: Türkiye Garanti Bankası A.Ş.
2. (a) Series Number: [●]
 (b) Tranche Number: [●]
 (c) Date on which the Covered Bonds will be consolidated and form a single Series: The Covered Bonds will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/exchange of the Temporary Bearer Global Covered Bond for interests in the Permanent Bearer Global Covered Bond, as referred to in paragraph [●] below, which is expected to occur on or about *[date]*][Not Applicable]
3. Specified Currency: [●]
4. USD Payment Election: [Applicable/Not Applicable]
(Only applicable for Turkish Lira-denominated Covered Bonds.)
5. Aggregate Principal Amount:
 (a) Series: [●]
 (b) Tranche: [●]
6. Issue Price: [●] *per cent.* of the Aggregate Principal Amount of the Tranche *[plus accrued interest from [insert date] (if applicable)]*
7. (a) Specified Denominations: [●]
*(Note — where multiple denominations above [€100,000] or equivalent are being used, the following sample wording should be followed:
 “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. [No Bearer Covered Bonds in definitive form will be issued with a denomination above [€199,000].]”)*
 (b) Calculation Amount: [●]
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
 (c) Redenomination: [Condition 5.10 is applicable] [Not Applicable]
(If applicable, insert relevant provisions for redenomination to euro of Covered Bonds issued in a Specified Currency other than euro.)

8. (a) Issue Date: [●]
- (b) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]
9. (i) Final Redemption:
- (a) Final Maturity Date: [*Fixed rate – specify date*/Floating rate – Interest Payment Date falling in or nearest to [*specify month and year*]]
- (b) Extended Final Maturity Date: [Applicable/Not Applicable]
[The Extended Final Maturity Date will, if applicable, fall on [*Insert Date*].]
- (c) Extended Series Payment Date(s): [Applicable/Not Applicable]
[*If applicable, insert relevant dates or state “See paragraph 15(b) below”. Must correspond with Interest Payment Dates.*]
- (ii) Instalment Covered Bonds: [Applicable/Not Applicable].
- (a) Instalment Amounts: [●]
[*If applicable, insert an instalment amount that reflects equal instalments through the Final Maturity Date.*]
- (b) Instalment Dates: Each Interest Payment Date from (and including) the Interest Payment Date on [●] up to (and including) the Final Maturity Date.
[*If applicable, insert the first Interest Payment Date on which an Instalment Amount is to be paid.*]
10. Interest Basis: [[●] *per cent. per annum* Fixed Rate]
[[●] month [[currency] LIBOR/EURIBOR/TRYIBOR]] +/- [●] *per cent. per annum* Floating Rate]
(*see paragraph(s) [15] [and] [16] below*)
11. Redemption[/Payment] Basis: Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Final Maturity Date [(or, if the Issuer does not pay the Final Redemption Amount on the relevant Final Maturity Date, the Extended Final Maturity Date set out in paragraph 9(b) above)] at [●] *per cent.* of their nominal amount.
12. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date up to (but excluding) [●]][(the “[*Fixed/Floating*] Rate Period”), paragraph [15/16] below applies, and, for the period from (and including) [●] up to (but excluding) the [Final Maturity Date][Extended Final Maturity Date] [(the “[*Fixed/Floating*] Rate Period”), paragraph [15/16] below applies)]/[Not Applicable]
13. Issuer Call: [Applicable/Not Applicable].
[(*see paragraph 18 below*)]

14. (a) Status of the Covered Bonds: Senior
- (b) Date Board approval for issuance of Covered Bonds obtained: [●] [Not Applicable] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Covered Bonds.)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Covered Bond Provisions [Applicable [in respect of the Fixed Rate Period]/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph.)*
- (a) Rate(s) of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [●] [and [●]] in each year up to and including the Final Maturity Date
- (Amend appropriately in the case of irregular coupons.)*
- (c) Interest Periods: [Adjusted/Not Adjusted]
- (d) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
- (Applicable only where Interest Periods and Interest Amounts are subject to adjustment.)*
- (e) Additional Business Centre(s): [[●]/Not Applicable]
- (Applicable only where Interest Periods and Interest Amounts are subject to adjustment.)*
- (f) Fixed Coupon Amount(s): [[●] per Calculation Amount] [Not Applicable]
- (Applicable only to Covered Bonds issued in definitive form that carry unadjusted interest.)*
- (g) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
- (Applicable only to Covered Bonds issued in definitive form that carry unadjusted interest.)*
- (h) Day Count Fraction: [30/360 (Fixed)]
- [Actual/Actual (ICMA)]
- (i) [Determination Date(s): [[●] in each year][Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.)*
16. Floating Rate Covered Bond Provisions [Applicable [in respect of the Floating Rate Period]/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph.)*

- (a) Specified Period(s)/Specified Interest Payment Dates: The Specified Interest Payment Dates will fall on [●], subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): [●]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent): [●]
- (f) Screen Rate Determination:
- Reference Rate, Specified Time and Relevant Financial Centre: Reference Rate: [●] month [[currency] [LIBOR/EURIBOR/TRYIBOR]].
Specified Time: [●]
(11.00 a.m. in the case of LIBOR and EURIBOR and 11.30 a.m. in the case of TRYIBOR)
Relevant Financial Centre: [London] [Brussels] [İstanbul]
 - Interest Determination Date(s): [●]
(Second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR and the second İstanbul Business Day prior to the start of each Interest Period if TRYIBOR.)
 - Relevant Screen Page: [●]
(In the case of EURIBOR, if not Reuters EURIBOR01, then ensure it is a page that shows a composite rate or amend the fallback provisions appropriately.)
- (g) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
(In the case of a LIBOR- or EURIBOR-based option, the first day of the Interest Period.)
- (h) Linear Interpolation: [Not Applicable]/[Applicable – the rate of interest for the [long/short] [first/last] Interest Period shall be

calculated using Linear Interpolation (*specify for each short or long interest period*)

- (i) Margin(s): [+/-][●] *per cent. per annum*
- (j) Minimum Rate of Interest: [Not Applicable] [[●] *per cent. per annum*]
- (k) Maximum Rate of Interest: [Not Applicable] [[●] *per cent. per annum*]
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360]
[360/360]
[Bond Basis]
[30E/360]
[Eurobond Basis]
[30E/360 (ISDA)]

(See Condition 4 for alternatives)

PROVISIONS RELATING TO REDEMPTION

- 17. Notice periods for Condition 6.2: Minimum period: [●] days
Maximum period: [●] days
- 18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (a) Optional Redemption Date(s): [●]
 - (b) Optional Redemption Amount: [●] per Calculation Amount
 - (c) If redeemable in part:
 - (i) Minimum Redemption Amount: [●]
 - (ii) Maximum Redemption Amount: [●]
 - (d) Notice periods: Minimum period: [●] days
Maximum period: [●] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which, in the case of Euroclear and Clearstream, Luxembourg, require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements that may apply, for example, as between the Issuer and the applicable Agent(s).)
- 19. Final Redemption Amount: [●] per Calculation Amount

20. Early Redemption Amount:
- (a) payable on redemption for taxation reasons: [●] per Calculation Amount
- (b) payable on redemption for event of default: [●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

21. Form of Covered Bonds:
- (a) Form: [Bearer Covered Bonds:
- [Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer Global Covered Bond that is exchangeable for Definitive Covered Bonds [on not less than 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Bearer Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date]
- [Permanent Bearer Global Covered Bond exchangeable for Definitive Covered Bonds [on not less than 60 days' written notice given at any time/upon the occurrence of an Exchange Event/at any time at the request of the Issuer]]
- [Definitive Bearer Covered Bonds]
- [Bearer Covered Bonds shall not be physically delivered: (i) in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005, or (ii) in the United States of America.]
- (N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Covered Bonds in paragraph 7 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Covered Bonds that is to be represented on issue by a Temporary Bearer Global Covered Bond exchangeable for Definitive Covered Bonds.)*
- [Registered Covered Bonds:
- [Regulation S Registered Global Covered Bond registered in the name of a nominee for [DTC/a common depository for Euroclear and

Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] and exchangeable for Definitive Registered Covered Bonds [upon an Exchange Event][at any time at the request of the Issuer]]

[Rule 144A Global Covered Bond registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] and exchangeable for Definitive Registered Covered Bonds [upon an Exchange Event][at any time at the request of the Issuer]]

[Definitive Regulation S Registered Covered Bond]

[Definitive IAI Registered Covered Bonds]

[IAI Global Covered Bond registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] and exchangeable for Definitive Registered Covered Bonds [upon an Exchange Event][at any time at the request of the Issuer]]

(N.B. In the case of an issue with more than one Global Covered Bond or a combination of one or more Bearer Global Covered Bond(s) and Definitive IAI Covered Bond(s), specify the nominal amounts of each Global Covered Bond and, if applicable, the aggregate principal amount of all Definitive IAI Covered Bonds if such information is available.)

- | | |
|--|--|
| (b) New Global Covered Bond: <i>(Relevant to Bearer Global Covered Bonds only)</i> | [Yes][No] [Eurosystem eligibility: [Yes][No]] |
| (c) New Safekeeping Structure: <i>(Relevant to Registered Global Covered Bonds only)</i> | [Yes][No] [Eurosystem eligibility: [Yes][No]] |
| 22. Additional Financial Centre(s): | [Not Applicable/give details] <i>(Note that this paragraph relates to the date of payment and not Interest Period end dates, to which paragraph 16(c) relates.)</i> |
| 23. Talons for future Coupons to be attached to Definitive Covered Bonds: <i>(Relevant to Bearer Definitive Covered Bonds only)</i> | [Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No] |
| 24. Insurance Policy: | [Applicable/Not Applicable] |

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Insurer: [●]
- (b) Insurance Policy: [●]
- (c) Insurance Agreement: [●]

RESPONSIBILITY [AND THIRD PARTY INFORMATION]

The Issuer accepts responsibility for the information contained in these Final Terms.

[[*Relevant third party information,*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted that would render the reproduced information inaccurate or misleading.

Signed on behalf of:

TÜRKİYE GARANTİ BANKASI A.Ş.

By:

Duly authorised

By:

Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be listed on the Official List and admitted to trading on the Main Securities Market of the Irish Stock Exchange plc with effect from [●].][●] [Not Applicable.]
- (When documenting an issue of Covered Bonds that is to be consolidated and to form a single Series with a previous listed issue, it should be indicated here that the original Covered Bonds are already listed and admitted to trading.)*
- (b) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

Ratings: [Not Applicable][The Covered Bonds to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Covered Bonds of this type issued under the Programme generally]:

[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

[Each of [defined terms] is established in the European Union and is registered under the CRA Regulation.]

[[Insert legal name of credit rating agency] is established in the European Union and is not registered under the CRA Regulation.)]

[[Insert legal name of credit rating agency] is not established in the European Union but the rating it has given to the Covered Bonds is endorsed by [insert legal name of credit rating agency], which is established in the European Union and registered under the CRA Regulation.]

[[Insert legal name of credit rating agency] is not established in the European Union but is certified under the CRA Regulation.]

[[Insert legal name of credit rating agency] is not established in the European Union and is not certified under the CRA Regulation and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation.]

(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

Required Overcollateralisation Percentage: [●] per cent.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers /Dealers], so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*].

[When adding any other description, consideration should be given as to whether such matters described constitute

“significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.])

4. YIELD (Fixed Rate Covered Bonds only)

Indication of yield: [●] *per cent. per annum* [in respect of the Fixed Rate Period]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. HISTORIC INTEREST RATES (Floating Rate Covered Bonds only)

Details of historic [LIBOR/EURIBOR/TRYIBOR] rates can be obtained from [Reuters at []].

6. OPERATIONAL INFORMATION

- (a) ISIN: [●]
- (b) Common Code: [●]
- (c) [(Insert here any other relevant codes such as CUSIP and CINS codes)]: [Not Applicable/give name(s) and number(s)]
- (d) Any clearing system(s) other than DTC Euroclear Bank SA/NV and Clearstream Banking S.A and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (e) Delivery: Delivery [against/free of] payment
- (f) Names and addresses of additional Agent(s) (if any): [●]
- (g) Deemed delivery of clearing system notices for the purposes of Condition 14: Any notice delivered to Covered Bondholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to the relevant clearing system.
- (h) Intended to be held in a manner that would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them, the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. DISTRIBUTION

- (a) Method of distribution: [Syndicated/Non-syndicated]

- (b) If syndicated, names of Managers: [Not Applicable/*give names*]
- (c) Date of [Subscription] Agreement: [●]
- (d) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
- (e) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (f) U.S. Selling Restrictions: [Reg. S Compliance Category 2] [Rule 144A] [Rule 144A and Section 4(a)(2)]; [Rules identical to those provided in TEFRA C/TEFRA D/TEFRA not applicable]
- (g) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (If the offer of the Covered Bonds is concluded prior to 1 January 2018, or the offer of the Covered Bonds is concluded on and after that date and the Covered Bonds clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Covered Bonds will be concluded on or after 1 January 2018 and the Covered Bonds may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)*

8. REASONS FOR THE OFFER

[]

(See “Use of Proceeds” in the Base Prospectus. If the reason for the offer is different from general corporate purposes, then such specific reason will need to be included here.)

SCHEDULE E

TERMS AND CONDITIONS OF THE COVERED BONDS

Terms and Conditions of the Covered Bonds

The following are the Terms and Conditions of the Covered Bonds that, unless otherwise agreed by the Issuer and the relevant Dealer(s) or investor(s) at the time of issue, will be incorporated by reference into, or be attached to, each Global Covered Bond and Definitive Covered Bond (each as defined below), in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) or investor(s) at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond. Reference should be made to “Form of Applicable Final Terms” for a description of the content of Final Terms, which will specify which of such terms are to apply in relation to the relevant Covered Bonds.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Türkiye Garanti Bankası A.Ş. (the “Issuer”) pursuant to the Agency Agreement (as defined below).

References herein to the “Covered Bonds” shall, unless the context otherwise requires, be references to the Covered Bonds of this Series and shall mean:

- (a) in relation to any Covered Bonds represented by a Global Covered Bond, units of each Specified Denomination in the Specified Currency;
- (b) any Global Covered Bond;
- (c) any Bearer Definitive Covered Bonds issued in exchange for a Bearer Global Covered Bond; and
- (d) any Registered Definitive Covered Bonds (whether or not issued in exchange for a Registered Global Covered Bond).

The Covered Bonds and the Coupons have the benefit of an agency agreement dated 15 May 2015, as amended and restated on 26 April 2016 and 31 May 2017 (such agency agreement as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”), and made among the Issuer, The Bank of New York Mellon, London Branch, as fiscal agent (including as principal paying agent) and exchange agent (the “Fiscal Agent” and the “Exchange Agent,” which expression shall, in each case, include any successor fiscal agent and exchange agent) and the other paying agents named therein (together with the Fiscal Agent, the “Paying Agents,” which expression shall include any additional or successor paying agents), The Bank of New York Mellon SA/NV, Luxembourg 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 registrar (the “Registrar,” which expression shall include any successor registrar).

The final terms for this Covered Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Covered Bond, which complete these Terms and Conditions (the “Conditions”). References to the “applicable Final Terms” are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State.

Bearer Definitive Covered Bonds have (unless otherwise indicated in the applicable Final Terms) interest Coupons and, in the case of Bearer Definitive Covered Bonds that have more than 27 interest payments remaining, Talons for further Coupons attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Bearer Definitive Covered Bonds repayable in instalments have Receipts for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Covered Bonds and Global Covered Bonds do not have Receipts, Coupons or Talons attached on issue.

Any reference to “Covered Bondholders” or “holders” in relation to any Covered Bonds shall mean (in the case of Bearer Covered Bonds) the holders of such Covered Bonds and (in the case of Registered Covered Bonds) the persons in whose name such Covered Bonds are registered and shall, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below. Any reference herein to “Couponholders” shall mean

the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

Copies of the applicable Final Terms and (other than the Final Terms for other Series, the Subscription Agreement for this or any other Series and the Programme Agreement) the other Transaction Documents will be available for inspection by Covered Bondholders, Receiptholders and Couponholders during normal business hours at the registered office of the Issuer and at the specified office of each of the Fiscal Agent and the other Paying Agents. If this Covered Bond is to be admitted to trading on the regulated market of the Irish Stock Exchange, then the applicable Final Terms will be published on the Issuer's website (as of the date hereof, at: <https://www.garantiinvestorrelations.com/en/debt-information/Covered-Bond/Covered-Bond/806/0/0>). If this Covered Bond is neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive, then the applicable Final Terms will only be obtainable by a Covered Bondholder, Receiptholder or Couponholder holding one or more Covered Bonds, Receipts or Coupons, as applicable, and such Covered Bondholder, Receiptholder or Couponholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Covered Bonds, Receipts or Coupons, as applicable, and identity. The Covered Bondholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Agency Agreement, the Deed Poll, the Deed of Covenant, the Security Assignment, the Security Agency Agreement, the Calculation Agency Agreement, the applicable Final Terms, the Cover Monitor Agreement, the Hedging Agreements and the other Transaction Documents which are applicable to them. The original of the Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement, the Deed Poll, the Deed of Covenant, the Security Assignment, the Security Agency Agreement, the Calculation Agency Agreement, the applicable Final Terms, the Hedging Agreements and (other than the Final Terms for other Series, the Subscription Agreement for this or any other Series and the Programme Agreement) the other Transaction Documents.

Each Covered Bondholder, Receiptholder and Couponholder, by reason of holding one or more Covered Bonds, Receipts or Coupons (as applicable): (a) recognises the Security Agent as its representative in relation to the Transaction Security Documents and the Security Agency Agreement, acting in its name and on its behalf, (b) agrees to be bound by the terms of the Transaction Security Documents and the Security Agency Agreement as if such Covered Bondholder, Receiptholder or Couponholder were a party thereto, and (c) acknowledges and accepts the terms of the appointment of the Security Agent as set out in the Security Agency Agreement and all of the provisions of the Security Agency Agreement relating to the exercise by the Security Agent of its powers, trusts, authorities, duties, rights and discretions contained therein.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions shall bear the meanings given to them in the applicable Final Terms and/or the master definitions and construction schedule made on the Programme Closing Date and amended and restated on 26 April 2016 and 31 May 2017 and signed for the purpose of identification by Mayer Brown LLP and White and Case LLP (as amended, supplemented and/or restated from time to time, the "*Master Definitions and Construction Schedule*"), a copy of which may be obtained as described above.

In these Conditions, references to the Depository Trust Company ("*DTC*"), Euroclear Bank SA/NV ("*Euroclear*") and/or Clearstream Banking S.A. ("*Clearstream, Luxembourg*") shall, whenever the context so permits, in respect of Covered Bonds, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Fiscal Agent.

By acquiring the Covered Bonds (or beneficial interests therein), investors will be deemed to have acknowledged and agreed that a credit rating thereof is an assessment of credit and does not address other matters that might be of relevance to such investors, including, without limitation, whether any action proposed to be taken by the Issuer, the Security Agent or any other party to a Transaction Document is either: (a) permitted by the terms of the relevant Transaction Document or (b) in the best interests of, or not prejudicial to, some or all of the Covered Bondholders.

1. Form, Denomination and Title

1.1 Form and Denomination of Covered Bonds

The Covered Bonds are in bearer form or in registered form as specified in the applicable Final Terms and serially numbered in the Specified Currency and Specified Denomination(s) specified in the applicable Final Terms. Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of

another Specified Denomination and Bearer Covered Bonds may not be exchanged for Registered Covered Bonds and *vice versa*.

1.2 General provisions applicable to all forms of Covered Bonds

The Covered Bonds are issued pursuant to the Capital Markets Law, the Covered Bonds Communiqué and other Turkish Covered Bonds Law, as applicable.

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond or a combination thereof, depending upon the “Interest Basis” specified in the applicable Final Terms. In addition, a Covered Bond may be an Instalment Covered Bond if so specified in the applicable Final Terms.

Bearer Definitive Covered Bonds are issued with Coupons attached. Bearer Definitive Covered Bonds that are Instalment Covered Bonds are issued with Receipts and references to Receipts and Receiptholders in these Conditions are only applicable to such Bearer Definitive Covered Bonds.

1.3 Title to Covered Bonds

Subject as set out below, title to the Bearer Covered Bonds, Receipts and Coupons will pass by delivery and title to the Registered Covered Bonds will pass upon registration of transfer in accordance with the provisions of the Agency Agreement. The Issuer and each of the Agents will (except as ordered by a court of competent jurisdiction or as required by Applicable Law) deem and treat the bearer of any Bearer Covered Bond, Receipt or Coupon and the registered holder of any Registered Covered Bond as the absolute owner thereof (whether or not it is overdue and notwithstanding any notice of ownership, trust or any other interest or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in this Condition 1.3.

For so long as any of the Covered Bonds is represented by a Global Covered Bond deposited with and, (subject to the following paragraph) in the case of a Registered Covered Bond, registered in the name of a clearing system (or a nominee thereof or a common depository or a common safekeeper thereof), each Person (other than a clearing system or a nominee, common depository or common safekeeper thereof) who is for the time being shown in the records of such clearing system as the holder of a particular principal amount of such Global Covered Bond (in which regard any certificate or other document issued by such clearing system as to the principal amount of such Global Covered Bond standing to the account of any Person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall, upon receipt of such certificate or other document by the Issuer or an Agent, be treated by the Issuer or such Agent (as applicable) as the holder of such principal amount of such Global Covered Bond (and the bearer or registered holder of such Global Covered Bond shall be deemed not to be the holder) for all purposes other than with respect to the payment on such principal amount of such Global Covered Bond (including the payment of interest thereon), for which purpose the bearer of the relevant Bearer Global Covered Bond or, as applicable, the registered holder of the relevant Registered Global Covered Bond shall be treated by the Issuer and the Agents as the holder of such principal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond. The expressions “*Covered Bondholder*” and “*holder of Covered Bonds*” and related expressions shall be construed accordingly.

For so long as DTC or its nominee is the registered owner or holder of a Registered Global Covered Bond, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Covered Bonds represented by such Registered Global Covered Bond for all purposes under the Transaction Documents and the applicable Covered Bondholder, 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. The expressions “*Covered Bondholder*” and “*holder of Covered Bonds*” and related expressions shall be construed accordingly.

Covered Bonds that are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of the applicable Clearing System.

2. Transfers of Registered Covered Bonds

2.1 Transfers of Interests in Registered Global Covered Bonds

Transfers of beneficial interests in Registered Global Covered Bonds will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by direct 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 Registered Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Covered Bonds of the same Series in definitive form or for a beneficial interest in another Registered Global Covered Bond of the same Series, in each case, only in the Specified Denomination(s) (and provided that the aggregate principal amount (disregarding any repayments of principal that have occurred in accordance with the provisions of the relevant Registered Global Covered Bond) of any balance of such beneficial interest of the transferor not so transferred is an amount of at least the Specified Denomination) and only in accordance with the 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 and the applicable Final Terms; *provided* that both the transferee and (if less than a transfer of its entire interest) the transferor must immediately thereafter retain beneficial interests in an amount at least equal to the minimum Specified Denomination. Transfers of a Registered Global Covered Bond registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Covered Bond, 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 Registered Definitive Covered Bonds

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Definitive Covered Bond may be transferred in whole or in part (in the Specified Denomination(s) set out in the applicable Final Terms) (and *provided that*, if transferred in part, the aggregate principal amount (disregarding any repayments of principal that have occurred in accordance with the provisions of the relevant Registered Definitive Covered Bond) of the balance of that Registered Definitive Covered Bond not so transferred is an amount of at least the Specified Denomination). In order to effect any such transfer: (a) the holder or holders must: (i) surrender such Registered Definitive Covered Bond for registration of the transfer thereof (or of the relevant part of such Registered Definitive Covered Bond) 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 deliver such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the Person making the request. Any such transfer will be subject to such additional reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in the Agency Agreement).

Subject as provided above, the relevant Transfer Agent will promptly, and in any event 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 its receipt of the relevant request (or such longer period as may be required to comply with any applicable fiscal or other Applicable Laws), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (if so requested by the specified transferee and at the risk of such transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Definitive Covered Bond of a like aggregate principal amount (disregarding any repayments of principal that have occurred in accordance with the provisions of the relevant Registered Definitive Covered Bond) to the Registered Definitive Covered Bond (or the relevant part of the Registered Definitive Covered Bond) being transferred.

In the case of the transfer of part only of a Registered Definitive Covered Bond, a new Registered Definitive Covered Bond in respect of the balance of the Registered Definitive Covered Bond not transferred will be so authenticated and delivered or (if so requested by the transferor and at the risk of the transferor) sent by uninsured mail, to such transferor's address in the register maintained by the Registrar (the "*Register*"), to the transferor. No transfer of a Registered Definitive Covered Bond will be valid unless and until entered in the Register.

2.3 Costs of Registration

Covered Bondholders will not be charged by the Issuer or any of the Agents for any costs and expenses of effecting any registration of transfer as provided in this Condition 2, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer and/or any Agent may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be

imposed in relation to the registration and/or transfer.

3. Status of the Covered Bonds

3.1 Status of the Covered Bonds

Subject to the provisions of Condition 3.2 (*Mortgage Covered Bonds*), the Covered Bonds and any Receipts and Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will (in the case of any insolvency, bankruptcy, liquidation or similar event relating to the Issuer) rank *pari passu*: (a) without any preference or priority amongst themselves, irrespective of their Series and Issue Date (for the purpose of clarification, each Series may have different timing for the repayment of principal and the timing and amount of interest payable), and (b) with all other outstanding unsecured and unsubordinated obligations of the Issuer present and future, in each case to the extent permitted by Applicable Laws relating to creditors' rights.

3.2 Mortgage Covered Bonds

The Covered Bonds are mortgage covered bonds (in Turkish, *ipotek terminatlı menkul kıymet*) issued in accordance with the Covered Bonds Communiqué and subject to the terms thereof. The Covered Bonds (with any applicable Receipts and Coupons) are backed by assets forming the Cover Pool of the Issuer. In accordance with the Turkish Covered Bonds Law, by virtue of the Transaction Documents, registration of Cover Pool Assets in the Security Register and any Security Update Registration, the Covered Bonds and related Receipts and Coupons are secured by the Cover Pool (which includes all cashflows derived from the Cover Pool) and benefit from Statutory Segregation. In addition to the Cover Pool, the Covered Bonds are secured by the other Transaction Security (other than the security interest over the Agency Account).

3.3 Turkish Lira Equivalent

For the purposes of determining the *pari passu* entitlement of any Covered Bondholder to payment in the Transaction Documents, any amount that is not denominated in Turkish Lira shall be notionally converted into Turkish Lira using the Applicable Exchange Rate.

4. Interest

4.1 Interest on Fixed Rate Covered Bonds

This Condition 4.1 applies to Fixed Rate Covered Bonds only. The applicable Final Terms contain provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 4.1 for full information on the manner in which interest is calculated on Fixed Rate Covered Bonds. In particular, the applicable Final Terms specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s) (each such date, an "*Interest Payment Date*" for the purposes of such Fixed Rate Covered Bonds), the Final Maturity Date, the Extended Final Maturity Date (if any), the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) *per annum* equal to the applicable Rate of Interest. Interest will be payable on Fixed Rate Covered Bonds, subject as provided in these Conditions, in arrear on the applicable Interest Payment Date(s) in each year up to (but excluding) the Final Maturity Date or Extended Final Maturity Date, as applicable.

In the case of Definitive Covered Bonds, the Interest Amount payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount, where a "*Fixed Coupon Amount*" is specified in the applicable Final Terms, to the Fixed Coupon Amount so specified; *provided* that the Interest Amount payable on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except where an applicable Fixed Coupon Amount and (if applicable) Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Covered Bonds that are represented by a Global Covered Bond, the Principal Amount Outstanding of the Fixed Rate Covered Bonds represented by such Global

Covered Bond; or

- (b) in the case of Fixed Rate Covered Bonds in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, with half of any such sub-unit being rounded upwards or otherwise in accordance with any other applicable market convention with the written consent of the Issuer. Where the Specified Denomination of a Fixed Rate Covered Bond in definitive form is greater than the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

4.2 Interest on Floating Rate Covered Bonds

This Condition 4.2 applies to Floating Rate Covered Bonds only. The applicable Final Terms contain provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 4.2 for full information on the manner in which interest is calculated on Floating Rate Covered Bonds. In particular, the applicable Final Terms specify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Fiscal Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Specified Time, Relevant Financial Centre, Interest Determination Date(s) and Relevant Screen Page.

(a) **Interest Payment Dates**

Each Floating Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date to (but excluding) the Final Maturity Date or Extended Final Maturity Date, as applicable, and such interest will be payable, subject as provided in these Conditions, in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “*Interest Payment Date*” for the purposes of such Floating Rate Covered Bonds) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds will be determined in the manner specified in the applicable Final Terms.

(i) **ISDA Determination for Floating Rate Covered Bonds**

Where “*ISDA Determination*” is specified in the applicable Final Terms for a Tranche as the manner in which the Rate of Interest for such Tranche is to be determined, the Rate of Interest for each Interest Period for such Tranche will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (i), “*ISDA Rate*” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent under an interest rate swap transaction if the Fiscal Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (i) only, “*Calculation Agent*,” “*Floating Rate*,” “*Floating Rate Option*,” “*Designated Maturity*” and “*Reset Date*” has the meanings given to those terms in the ISDA Definitions.

(ii) **Screen Rate Determination for Floating Rate Covered Bonds**

Where Screen Rate Determination is specified in the applicable Final Terms for a Tranche as the manner in which the Rate of Interest for such Tranche is to be determined, the Rate of Interest for each Interest Period for such Tranche will, subject as provided below, be either:

- (A) if there is only one quotation on the Relevant Screen Page that is a composite quotation or customarily supplied by one entity, the offered quotation; or
- (B) in any other case, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate(s) that appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service that displays the information) as of the Specified Time in the Relevant Financial Centre on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if no offered quotation appears or if, in the case of (B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Fiscal Agent shall request each of the Reference Banks to provide the Fiscal Agent with its offered quotation (expressed as a percentage rate *per annum*) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks promptly so provide the Fiscal Agent with such offered quotations, then the Rate of Interest for the Interest Period for the applicable Tranche shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Fiscal Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent with an offered quotation as provided in the preceding paragraph, then the Rate of Interest for the relevant Interest Period for the applicable Tranche shall be the rate per annum that the Fiscal Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Fiscal Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the eurozone inter-bank market (if the Reference Rate is EURIBOR), the Turkish Lira inter-bank market (if the Reference Rate is TRYIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks promptly provide the Fiscal Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the

Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Fiscal Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the eurozone inter-bank market (if the Reference Rate is EURIBOR), the Turkish Lira inter-bank market (if the Reference Rate is TRYIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any); *provided* that if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms for a Tranche of Floating Rate Covered Bonds specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period for such Tranche shall be such Minimum Rate of Interest.

If the applicable Final Terms for a Tranche of Floating Rate Covered Bonds specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period for such Tranche shall be such Maximum Rate of Interest.

A Final Terms may specify both a Minimum Rate of Interest and a Maximum Rate of Interest for a Tranche. Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(d) **Determination of Rate of Interest and Calculation of Interest Amounts**

The Fiscal Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Fiscal Agent will calculate the amount of interest payable in respect of the Floating Rate Covered Bonds for the relevant Interest Period (the “*Interest Amount*”) or any other relevant period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Covered Bonds that are represented by a Global Covered Bond, the Principal Amount Outstanding of the Covered Bonds represented by such Global Covered Bond; or
- (ii) in the case of Floating Rate Covered Bonds in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or (with the written consent of the Issuer) otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond in definitive form is greater than the Calculation Amount, the Interest Amount payable in respect of such Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

(e) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the

applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Fiscal Agent by straight line linear interpolation by reference to two rates based upon the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period; *provided* that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Fiscal Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“*Designated Maturity*” means, in relation to Screen Rate Determination only, the period of time designated in the Reference Rate.

(f) **Notification of Rate of Interest and Interest Amounts**

In the case of Floating Rate Covered Bonds and Fixed Rate Covered Bonds in respect of which Interest Periods and Interest Amounts are specified in the applicable Final Terms as being subject to adjustment, the Fiscal Agent will cause (in the case of Floating Rate Covered Bonds) the Rate of Interest and (in either case) each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Covered Bonds are for the time being listed and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange (if any) on which the relevant Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 14 (*Notices*).

(g) **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 4 and Condition 5.8 (*U.S. Dollar Exchange and Payments on Turkish Lira-Denominated Covered Bonds held other than through DTC*), whether by the Fiscal Agent or, if applicable, any other Paying Agent, shall (in the absence of manifest or proven error) be binding on the Issuer, the Fiscal Agent, the other Agents and all Covered Bondholders, Couponholders and Receiptholders and (in the absence of negligence, wilful misconduct or wilful default) no liability to the Issuer, the Covered Bondholders, the Couponholders and the Receiptholders shall attach to the Fiscal Agent or any other Paying Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of Interest

Each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date for its redemption unless payment of principal in respect of such Covered Bond 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 Covered Bond (or part thereof) have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Covered Bond 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 Covered Bondholders in accordance with Condition 14 (*Notices*).

4.4 Business Day, Business Day Convention, Day Count Fractions and other Adjustments

- (a) In these Conditions, “*Business Day*” means a day (other than a Saturday or Sunday) that is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than the Trans-European Automatic Real-Time Gross Settlement Express Transfer (TARGET2) System (the “*TARGET2 System*”)) specified in the applicable Final Terms;
 - (ii) if the TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, then a day on which the TARGET2 System is open; and
 - (iii) either: (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or as otherwise specified in the applicable Final Terms, or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.
- (b) If a Business Day Convention (the “*Business Day Convention*”) is specified in the applicable Final Terms and: (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:
- (i) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) (*Interest Payment Dates*), the “Floating Rate Convention,” then such Interest Payment Date: (A) in the case of sub-paragraph (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of sub-paragraph (2) below shall apply mutatis mutandis, or (B) in the case of sub-paragraph (y) above, shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event: (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day, and (2) each subsequent Interest Payment Date shall be the last Business Day in the month that falls within the Specified Period after the preceding applicable Interest Payment Date occurred;
 - (ii) the “Following Business Day Convention,” then such Interest Payment Date shall be postponed to the next day that is a Business Day;
 - (iii) the “Modified Following Business Day Convention,” then such Interest Payment Date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
 - (iv) the “Preceding Business Day Convention,” then such Interest Payment Date shall be brought forward to the immediately preceding Business Day.
- (c) “*Day Count Fraction*” means, in respect of the calculation of an amount of interest in accordance with this Condition for any Interest Period (or other Relevant Period):
- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of Covered Bonds where the number of days in the Relevant Period (for the purposes of this Day Count Fraction, the “*Accrual Period*”) is equal to or shorter than the Determination Period (as defined in Condition 4.4(d)) during which the Accrual Period ends, then the number of days in such Accrual Period divided by the product of: (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, then the sum of: (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of: (x) the number of days in such Determination Period and (y) the number of

Determination Dates that would occur in one calendar year; and (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of: (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

- (ii) if “Actual/Actual” or “Actual/Actual (ISDA)” is specified in the applicable Final Terms, then the actual number of days in the Interest Period (or other Relevant Period) divided by 365 (or, if any portion of such Relevant Period falls in a leap year, then the sum of: (A) the actual number of days in that portion of such Relevant Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of such Relevant Period falling in a non-leap year divided by 365);
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, then the actual number of days in the Interest Period (or other Relevant Period) divided by 365;
- (iv) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, then the actual number of days in the Interest Period (or other Relevant Period) divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if “Actual/360” is specified in the applicable Final Terms, then the actual number of days in the Interest Period (or other Relevant Period) divided by 360;
- (vi) if “30/360,” “360/360” or “Bond Basis” is specified in the applicable Final Terms, then the number of days in the Interest Period (or other Relevant Period) divided by 360, calculated as follows:
 - (A) in the case of Fixed Rate Covered Bonds, on the basis of a year of 360 days with 12 30-day months; and
 - (B) in the case of Floating Rate Covered Bonds, on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1)] + [30 \times (M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

“Y¹” is the year, expressed as a number, in which the first day of the Interest Period (or other Relevant Period) falls;

“Y²” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period (or other Relevant Period) falls;

“M¹” is the calendar month, expressed as a number, in which the first day of the Interest Period (or other Relevant Period) falls;

“M²” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period (or other Relevant Period) falls;

“D¹” is the first calendar day, expressed as a number, of the Interest Period (or other Relevant Period), unless such number is 31, in which case D¹ will be 30; and

“D²” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period (or other Relevant Period), unless such number would be 31 and D¹ is greater than 29, in which case D² will be 30;

- (vii) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, then the number of days in the Interest Period (or other Relevant Period) divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1)] + [30 \times (M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period (or other Relevant Period) falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period (or other Relevant Period) falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period (or other Relevant Period) falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period (or other Relevant Period) falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period (or other Relevant Period), unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period (or other Relevant Period), unless such number would be 31, in which case D2 will be 30;

- (viii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, then the number of days in the Interest Period (or other Relevant Period) divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1)] + [30 \times (M^2 - M^1)] + (D^2 - D^1)}{360}$$

“Y1” is the year, expressed as a number, in which the first day of the Interest Period (or other Relevant Period) falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period (or other Relevant Period) falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period (or other Relevant Period) falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period (or other Relevant Period) falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period (or other Relevant Period), unless: (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period (or other Relevant Period), unless: (i) that day is the last day of February but not the Final Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

- (d) “*Determination Period*” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).
- (e) “*Interest Period*” for a Series means the period from (and including) an Interest Payment Date (or, for the first Interest Period for this Covered Bond, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

- (f) If “adjusted” is specified in the applicable Final Terms against the Interest Period for a Series of Fixed Rate Covered Bonds, then interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) the preceding Interest Payment Date (or, if there is no preceding Interest Payment Date, the Interest Commencement Date) to (but excluding) such relevant Interest Payment Date, as such Interest Payment Date shall, where applicable, be adjusted in accordance with the relevant Business Day Convention and a lesser or additional (as applicable) amount of interest shall be payable by the Issuer if the actual date of payment occurs earlier or later than the originally scheduled date for payment as a result of the application of the relevant Business Day Convention.
- (g) If “not adjusted” is specified in the applicable Final Terms against the Interest Period for a Series of Fixed Rate Covered Bonds, then interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) the preceding Interest Payment Date (or, if there is no preceding Interest Payment Date, the Interest Commencement Date) to (but excluding) such relevant Interest Payment Date, with the Interest Payment Date (for the purpose of determining the date of payment only) adjusted in accordance with the relevant Business Day Convention but no lesser or additional (as applicable) amount of interest becoming due and payable by the Issuer if the actual date of payment occurs earlier or later than the originally scheduled date for payment as a result of the application of the relevant Business Day Convention.

If the Interest Period for a Series of Fixed Rate Covered Bonds is not indicated in the applicable Final Terms as “adjusted” or “not adjusted,” then it shall be deemed to be “not adjusted.”
- (h) “*Relevant Period*” means the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date.
- (i) “*sub-unit*” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.5 Interest Rate and Payments from Final Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Final Maturity Date

If an Extended Final Maturity Date is specified in the applicable Final Terms as applying to a Series of Soft Bullet Covered Bonds and the Issuer does not pay any amount representing the Final Redemption Amount in respect of the relevant Series on the applicable Final Maturity Date, then the maturity of such Series of Soft Bullet Covered Bonds is automatically extended beyond such Final Maturity Date until the applicable Extended Final Maturity Date in accordance with Condition 6.9 (*Extension of Maturity up to an Extended Final Maturity Date*). In such circumstances, interest will continue to accrue and be payable on any unpaid Principal Amount Outstanding for such Series of Soft Bullet Covered Bonds, such interest to be payable on each Extended Series Payment Date for such Series of Soft Bullet Covered Bonds up to (and including) its Extended Final Maturity Date, subject to and in accordance with Condition 4 (*Interest*), and the Issuer will make such payments on each relevant Extended Series Payment Date and on such Extended Final Maturity Date. The final Extended Series Payment Date for a Series shall fall on the Extended Final Maturity Date for such Series.

The Issuer shall confirm to the Covered Bondholders (in accordance with Condition 14 (*Notices*)), the Paying Agents, the Registrar (in the case of a Registered Covered Bond) and the Fiscal Agent as soon as reasonably practicable (and in any event at least five London Business Days) prior to the Final Maturity Date of a Series of Soft Bullet Covered Bonds as to whether: (a) payment will be made of all or any part of the Final Redemption Amount of the applicable Series of Soft Bullet Covered Bonds in full on their Final Maturity Date or (b) the obligation to pay all or part of the Final Redemption Amount of the applicable Series of Soft Bullet Covered Bonds on their Final Maturity Date is to be deferred until the applicable Extended Final Maturity Date (any such notice under this sub-paragraph (b) being an “*Extension Notice*”). For Series of Soft Bullet Covered Bonds that are Bearer Definitive Covered Bonds, the Agency Agreement provides provisions for the delivery of additional Coupons to the extent necessary.

Promptly following receipt by the Fiscal Agent of an Extension Notice with respect to a Series of Global Covered Bonds, and in any event not less than three London Business Days prior to the Final Maturity Date

of such Series, the Fiscal Agent shall notify Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, that: (a) payment will be made of only part or none of the Final Redemption Amount of such Series on their Final Maturity Date, and (b) the obligation to pay the remaining part of the Final Redemption Amount of such Series on its Final Maturity Date shall be deferred until the applicable Extended Final Maturity Date for such Series (with, as provided in the Transaction Documents, some or all of such amount being paid earlier from the Available Funds on each applicable Extended Series Payment Date).

A failure by the Issuer to provide an Extension Notice under this Condition 4.5 shall not affect the validity or effectiveness of any extension of the maturity of a Series of Soft Bullet Covered Bonds to the applicable Extended Final Maturity Date in accordance with Condition 6.9 (*Extension of Maturity up to an Extended Final Maturity Date*) nor give rise to any rights to any Secured Creditor.

Where the applicable Final Terms for a Series of Soft Bullet Covered Bonds provides that such Soft Bullet Covered Bonds are subject to an Extended Final Maturity Date, such failure to pay the Final Redemption Amount by the Issuer on the Final Maturity Date of such Series shall not constitute an Event of Default but shall (if not cured by the end of the applicable cure period) constitute an Issuer Event.

This Condition 4.5 shall only apply to Soft Bullet Covered Bonds with respect to which an Extended Final Maturity Date is specified in the applicable Final Terms.

5. Payments

5.1 Method of Payment

Except as provided below, payments in a Specified Currency will be made by credit or transfer to an account in the relevant Specified Currency (or any account to which such Specified Currency may be credited or transferred) maintained by the payee or, at the option of the payee, by a cheque in such Specified Currency drawn on a bank that processes payments in the Specified Currency.

Payments in respect of principal and interest on the Covered Bonds will be subject in all cases to: (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*), and (b) any withholding or deduction required pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder (including any agreement described in Section 1471(b) of the Code), any official interpretations thereof, intergovernmental agreements between the United States and other jurisdictions facilitating the implementation thereof and any law, rule or official practice implementing such an intergovernmental agreement, in each case, as amended from time to time (“*FATCA*”).

5.2 Presentation of Bearer Definitive Covered Bonds, Receipts and Coupons

Notwithstanding any other provision of these Conditions to the contrary, payments of principal in respect of a Bearer Definitive Covered Bond will (subject as provided below) be made in the manner provided in Condition 5.1 (*Method of Payment*) above only against surrender (or, in the case of part payment of any sum due, presentation and endorsement) of the applicable Receipt and/or Bearer Definitive Covered Bond, and payments of interest in respect of a Bearer Definitive Covered Bond will (subject as provided below) be made as aforesaid only against surrender (or, in the case of part payment of any sum due, presentation and endorsement) of the applicable Coupon(s), in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments (if any) of principal on a Bearer Definitive Covered Bond other than the final instalment will (subject as provided below) be made in accordance with Condition 5.1 (*Method of Payment*) only against presentation and surrender (or, in the case of part of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment on a Bearer Definitive Covered Bond will be made in accordance with Condition 5.1 (*Method of Payment*) only against presentation and surrender (or, in the case of part of any sum due, endorsement) of the applicable Bearer Definitive Covered Bond in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Bearer Definitive Covered Bond to which it appertains. If any Bearer Definitive Covered Bond is redeemed or becomes repayable prior to the stated maturity thereof, then principal will be payable in accordance with Condition 5.1 (*Method of*

Payment) only against presentation and surrender (or, in the case of part payment of any sum, endorsement) of such Bearer Definitive Covered Bond together with all unmatured Receipts appertaining thereto. Receipts presented without the Bearer Definitive Covered Bond to which they appertain and unmatured Receipts do not constitute valid obligations of the Issuer. On the date on which any Bearer Definitive Covered Bond becomes due and payable (subject, where applicable, to any extension of a Series of Soft Bullet Covered Bonds), unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect of them.

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Bearer Definitive Covered Bond becoming due and repayable prior to its Final Maturity Date (or, as the case may be, Extended Final Maturity Date), all unmatured Receipts, Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Bearer Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Bearer Definitive Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of such Bearer Definitive Covered Bond.

A “*Long Maturity Covered Bond*” is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond that on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon; provided that such Covered Bond shall cease to be a Long Maturity Note on the Interest Payment Date (or, if applicable Extended Series Payment Date) on which the aggregate amount of interest remaining to be paid thereon after that date is less than the nominal amount of such Covered Bond.

5.3 Payments in Respect of Bearer Global Covered Bonds

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the same manner specified in Condition 5.2 (*Presentation of Bearer Definitive Covered Bonds, Receipts and Coupons*) in relation to Bearer Definitive Covered Bonds or otherwise in the manner specified in the relevant Bearer Global Covered Bond, where applicable against surrender or, as the case may be, presentation and endorsement, of such Bearer Global Covered Bond at the specified office of any Paying Agent outside the United States. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Covered Bond either by the Paying Agent to which it was presented or in the records of Euroclear or Clearstream, Luxembourg, as applicable.

5.4 Payments in Respect of Registered Covered Bonds

Payments of principal to redeem a Registered Covered Bond in full (whether or not in global form) will be made against surrender of the applicable Registered Covered Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Specified Account (as defined below) of the holder (or the first named of joint holders) of such Registered Covered Bond appearing in the Register at: (a) where in global form and held under the NSS, the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (b) in all other cases, the close of business at the specified office of the Registrar on the 15th day (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 (in each case, the “*Record Date*”). Notwithstanding the previous sentence, if: (i) a holder does not have a Specified Account or (ii) the principal amount of such Registered Covered Bond is less than US\$250,000

(or its approximate equivalent in any other Specified Currency), then payment may instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “*Specified Account*” means the account maintained by a holder with a Designated Bank and identified as such in the Register and “*Designated Bank*” means any bank that processes payments in such Specified Currency.

Except as set forth in the final sentence of this paragraph, payments of interest and principal in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the applicable Registered Covered Bond appearing in the Register at the close of business on the relevant Record Date at the address of such holder shown in the Register on such Record Date and at that holder’s risk. Upon application of the applicable holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or any such payment of principal in respect of a Registered Covered Bond, the payment thereon will be made by transfer on the due date in the same manner provided in the preceding paragraph for the final payment of principal on the applicable Registered Covered Bond. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and principal in respect of the Registered Covered Bonds that 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 a Registered Covered Bond on redemption will be made in the same manner as final payment of the principal amount of such Registered Covered Bond.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by any Agent in respect of any payments of principal or interest in respect of the Registered Covered Bonds, save as provided in Conditions 5.8 (*U.S. Dollar Exchange and Payments on Turkish Lira-Denominated Covered Bonds held other than through DTC*) and 5.9 (*Payments on Covered Bonds held through DTC in a Specified Currency other than U.S. Dollars*).

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. Dollars shall be paid by transfer by the Fiscal Agent to an account of the Exchange Agent in the relevant Specified Currency on behalf of DTC or its nominee for: (x) payment in such Specified Currency or (y) conversion into U.S. Dollars for payment through DTC, in each case in accordance with the provisions of the Agency Agreement and Condition 5.9 (*Payments on Covered Bonds held through DTC in a Specified Currency other than U.S. Dollars*).

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

5.5 General Provisions Applicable to Payments

Subject as provided in the Deed of Covenant, the registered holder of a Registered Global Covered Bond shall be the only Person entitled to receive payments in respect of the Covered Bonds represented by such Registered Global Covered Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such Registered Global Covered Bond in respect of each amount so paid. Each of the Persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, as the beneficial holder of a particular principal amount of Covered Bonds represented by such Registered Global Covered Bond must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for such Person’s share of each payment so made by or on behalf of the Issuer to, or to the order of, the holder of such Registered Global Covered Bond.

Notwithstanding the provisions of Conditions 5.2 (*Presentation of Bearer Definitive Covered Bonds*,

Receipts and Coupons) and 5.3 (*Payments in Respect of Bearer Global Covered Bonds*), if any amount of principal and/or interest in respect of Bearer Covered Bonds is payable in U.S. Dollars, then such U.S. Dollar payments of principal and/or interest in respect of such Bearer Covered Bonds will be made at the specified office of a Paying Agent in the United States only if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Covered Bonds in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.6 Payment Day

If the date for payment of any amount in respect of any Covered Bond, Receipt or Coupon is not a Payment Day, then the holder thereof shall not be entitled to payment of the relevant amount due until the next Payment Day in the relevant place and shall not be entitled to further interest or other sum in respect of such delay. For these purposes, “*Payment Day*” means any day (other than, except as set forth in the applicable Final Terms, a Saturday or Sunday) that (subject to Condition 8 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) London (unless otherwise specified in the applicable Final Terms);
 - (ii) in the case of Covered Bonds in definitive form only, the relevant place of presentation;
 - (iii) any Additional Financial Centre (other than the TARGET2 System) specified in the applicable Final Terms; and
 - (iv) if the TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open;
- (b) either: (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency, or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open (in each of clauses (i) and (ii), including where a Registered Global Covered Bond registered in the name of DTC or its nominee is denominated in euro or another Specified Currency other than U.S. Dollars, whether or not a participant in DTC with an interest in such Registered Global Covered Bond has elected in accordance with Condition 5.9 (*Payments on Covered Bonds held through DTC in a Specified Currency other than U.S. Dollars*) to receive any part of such payment in that Specified Currency); and
- (c) in the case of any payment in respect of a Global Covered Bond, a day on which the Relevant Clearing System (or, if there is more than one Relevant Clearing System, each of them) settle(s) payments in the applicable Specified Currency (or, with respect to DTC, U.S. Dollars).

“*Relevant Clearing System*” means Clearstream, Luxembourg, Euroclear, DTC and/or any other clearing system(s) in which the relevant Covered Bonds are held from time to time.

5.7 Interpretation of Principal and Interest

Any reference in these Conditions to principal in respect of a Covered Bond shall be deemed to include, as applicable:

- (a) any Additional Amounts that may be payable with respect to such principal under Condition 7 (*Taxation*);

- (b) the Final Redemption Amount of such Covered Bond;
- (c) the Early Redemption Amount of such Covered Bond;
- (d) the Optional Redemption Amount(s) (if any) of such Covered Bond;
- (e) any premium and any other amounts (other than interest) that may be payable by the Issuer under or in respect of such Covered Bond; and
- (f) in relation to Instalment Covered Bonds, the Instalment Amounts.

Any reference in these Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any Additional Amounts that may be payable with respect to such interest under Condition 7 (*Taxation*).

5.8 U.S. Dollar Exchange and Payments on Turkish Lira-Denominated Covered Bonds held other than through DTC

- (a) If “USD Payment Election” is specified as being applicable in the applicable Final Terms, the Specified Currency is Turkish Lira and interests in the Covered Bonds are not represented by a Registered Global Covered Bond registered in the name of DTC or its nominee, then a Covered Bondholder as of the applicable Record Date may, not more than 10 and not less than five London Business Days before the due date (the “*Relevant Payment Date*”) for the next payment of interest and/or principal on such Covered Bond (i.e., a USD Election Period), give an irrevocable election to the Fiscal Agent to receive such payment in U.S. Dollars instead of Turkish Lira (i.e., a USD Payment Election). The Fiscal Agent shall calculate the related aggregate Turkish Lira amount (the “*Lira Amount*”) on the London Business Day following each USD Election Period of the USD Payment Elections made to it by Covered Bondholders during such USD Election Period and notify the Exchange Agent of the Lira Amount to be paid by the Issuer in respect of the Covered Bonds the subject of such USD Payment Elections and that is to be converted into U.S. Dollars and paid to the holders of such Covered Bonds on the Relevant Payment Date in accordance with the provisions of this Condition 5.8 and Clause 5 of the Agency Agreement.

Each USD Payment Election of a Covered Bondholder will be made only in respect of the immediately following payment of interest and/or principal on the Covered Bonds the subject of such USD Payment Election and, unless a USD Payment Election is given in respect of each subsequent payment of interest and principal on those Covered Bonds, such payments will be made in Turkish Lira.

- (b) Upon receipt of the Lira Amount from the Issuer and by no later than 11.00 a.m. (London time) on the Relevant Payment Date, the Fiscal Agent shall transfer the Lira Amount to the Exchange Agent, which shall (on or prior to the Relevant Payment Date) purchase U.S. Dollars with the Lira Amount for settlement on the Relevant Payment Date at a purchase price calculated on the basis of its own internal foreign exchange conversion procedures, which conversion shall be conducted in a commercially reasonable manner and on a similar basis to that which the Exchange Agent would use to effect such conversion for its customers (such rate, taking into account any spread, fees, commission or charges on foreign exchange transactions customarily charged by it in connection with such conversions, the “*Relevant Exchange Rate*”). In no event shall any Agent be liable to any Covered Bondholder, the Issuer or any third party for the conversion rate so used.

If the Fiscal Agent receives cleared funds from the Issuer in respect of Turkish Lira-denominated Covered Bonds held other than through DTC after the time noted in the previous paragraph on the Relevant Payment Date, then the Fiscal Agent shall transfer the Lira Amount to the Exchange Agent for conversion into U.S. Dollars as soon as reasonably practicable at the Relevant Exchange Rate and, following such conversion, the Exchange Agent shall transfer such U.S. Dollar amounts to the Fiscal Agent and the Fiscal Agent shall use reasonable efforts to pay any U.S. Dollar amounts that Covered Bondholders have elected to receive in respect of such funds as soon as reasonably practicable thereafter.

The Issuer’s obligation to make payments on Covered Bonds the Specified Currency of which is Turkish Lira is limited to the specified Turkish Lira amount of such payments and, in the event that it fails to make any payment on the Covered Bonds in full on its due date, its obligation shall remain the payment of the

relevant outstanding Turkish Lira amount and it shall have no obligation to pay any greater or other amount as a result of any change in the Relevant Exchange Rate between the due date and the date on which such payment is made in full.

- (c) Following conversion of the Lira Amount into U.S. Dollars in accordance with this Condition 5.8 and the Agency Agreement, the Exchange Agent shall: (i) promptly transfer such U.S. Dollar amount to the Fiscal Agent and (ii) notify the Fiscal Agent of: (A) the total amount of U.S. Dollars purchased with the relevant Lira Amount and (B) the Relevant Exchange Rate at which such U.S. Dollars were purchased by the Exchange Agent. On each Relevant Payment Date, the Fiscal Agent shall give notice to the applicable Covered Bondholders of such U.S. Dollar amount and Relevant Exchange Rate in accordance with Condition 14 (*Notices*) as so notified to it by the Exchange Agent.
- (d) If, for illegality or any other reason, it is not possible for the Exchange Agent to purchase U.S. Dollars with the Lira Amount, then the Exchange Agent will promptly so notify the Fiscal Agent, which shall, as soon as practicable upon receipt of such notification from the Exchange Agent, notify the applicable Covered Bondholders of such event in accordance with Condition 14 (*Notices*) and all payments on the applicable Covered Bonds on the Relevant Payment Date will be made in Turkish Lira irrespective of any USD Payment Election made.

If it is not practicable for the Fiscal Agent, either itself or through the relevant Paying Agent, to make payment of the relevant amount of U.S. Dollars on the Relevant Payment Date, then such relevant amount shall be paid as soon as practicable following such Relevant Payment Date. No additional interest shall be payable in respect of such deferral of payment and such deferred payment shall not constitute an Issuer Event or an Event of Default.

- (e) To give a USD Payment Election:
 - (i) in the case of Definitive Covered Bonds, a Covered Bondholder must deliver at the specified office of the Fiscal Agent, on any London Business Day falling within the USD Election Period, a duly signed and completed USD Payment Election in the form (for the time being current) obtainable from the Fiscal Agent and in which the holder must specify a USD bank account to which payment is to be made under this Condition 5.8 accompanied by the relevant Covered Bonds or evidence satisfactory to the Fiscal Agent that such Covered Bonds will, following the delivery of the USD Payment Election, be held to the Fiscal Agent's order or under its control until the applicable U.S. Dollar payment is made; and
 - (ii) in the case of Global Covered Bonds, a Covered Bondholder must, on any London Business Day falling within the USD Election Period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg, as applicable (which may include notice being given on such holder's instruction by Euroclear, Clearstream, Luxembourg or any depository for either of them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg, as applicable, from time to time.

Neither the Issuer nor any of the Agents will be liable for any delay or ultimate failure to pay the Covered Bondholders caused by any delay or failure of Euroclear, Clearstream, Luxembourg or any depository for either of them to provide payment instructions with respect to the relevant USD Payment Election.

- (f) Notwithstanding any other provision in these Conditions to the contrary: (i) all costs of the purchase of U.S. Dollars with the Lira Amount shall be borne *pro rata* by the relevant Covered Bondholders relative to the Covered Bonds of such Covered Bondholders the subject of USD Payment Elections, which *pro rata* amount will be deducted from the U.S. Dollar payment made to such Covered Bondholders, (ii) none of the Issuer, any Agent or any other Person shall have any obligation whatsoever to pay any related foreign exchange rate spreads, conversion fees, commissions or expenses or to indemnify any Covered Bondholder against any difference between the U.S. Dollar amount received by such Covered Bondholder and the portion of the Lira Amount that would have been payable to the Covered Bondholder if it had not made the relevant

USD Payment Election and (iii) the Issuer shall not have any liability or other obligation to any Covered Bondholder with respect to the conversion into U.S. Dollars of any amount paid by it to the Fiscal Agent in Turkish Lira or the payment of any U.S. Dollar amount to the applicable Covered Bondholders.

- (g) Notwithstanding any provisions of these Conditions or the applicable Final Terms, in respect of any Covered Bonds that are the subject of a USD Payment Election in respect of any payment, the definition of Payment Day shall, for the purposes of such payment on the Relevant Payment Date, be deemed to include a day (other than Saturday or Sunday) on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

5.9 Payments on Covered Bonds held through DTC in a Specified Currency other than U.S. Dollars

In the case of any Covered Bonds represented by a Registered Global Covered Bond registered in the name of DTC or its nominee and denominated in a Specified Currency other than U.S. Dollars, payments in respect of such Covered Bonds will be made to the applicable Covered Bondholders in U.S. Dollars unless the participant in DTC with an interest in such Covered Bonds has elected to receive any part of such payment in that Specified Currency in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC. In connection with all such payments, the Issuer shall deliver to the Fiscal Agent the related payments in the applicable Specified Currency, which amounts the Fiscal Agent shall pay to the Exchange Agent for conversion into U.S. Dollars (to the extent required) and: (a) for payments so elected to be delivered in the applicable Specified Currency, payment by the Exchange Agent directly to the applicable participant in DTC in accordance with the payment instructions received from DTC or its nominee, and (b) for payments in U.S. Dollars, payment by the Exchange Agent to DTC (or its nominee) for distribution to DTC's participants.

Neither the Issuer nor any of the Agents will be liable for any delay or ultimate failure to pay the Covered Bondholders caused by any delay or failure of DTC to provide payment instructions with respect to the relevant Specified Currency.

5.10 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Covered Bondholders, the Receiptholders and the Couponholders, on giving prior written notice to the Agents and any applicable Clearing System and at least 30 days' prior notice to the applicable Covered Bondholders in accordance with Condition 14 (*Notices*), elect that, with effect from the Redenomination Date specified in such notice, the applicable Covered Bonds shall be redenominated in euro. In relation to any Covered Bonds for which the applicable Final Terms provides for a minimum Specified Denomination in the Specified Currency that is equivalent to at least €100,000 and that are admitted to trading on a regulated market in the EEA (the "*Relevant Covered Bonds*"), it shall be a term of any such redenomination that the holder of any Covered Bonds held through Euroclear and/or Clearstream, Luxembourg must have credited to its securities account with the relevant Clearing System a minimum original nominal amount of Covered Bonds of at least €100,000 (or such larger amount as might be required by Applicable Law).

Any such redenomination election will have effect as follows:

- (a) the applicable Covered Bonds and any related Receipts shall be deemed to be redenominated in euro in the denomination of €0.01 with a principal amount for each Covered Bond and Receipt equal to the principal amount of that Covered Bond or Receipt in the Specified Currency, converted into euro at the rate for the conversion of the relevant Specified Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the treaty establishing the European Community, as amended; *provided* that if the Issuer determines, in consultation with the Fiscal Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, then such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the applicable Covered Bondholders, the Paying Agents and the competent listing authority, stock exchange and/or market (if any) on or by which such Covered Bonds are listed and/or admitted to trading of such deemed amendments;

- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the applicable Covered Bonds will be calculated by reference to the aggregate Principal Amount Outstanding of Covered Bonds held for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;
- (c) if Definitive Covered Bonds for the applicable Series are required to be issued after the Redenomination Date, then they shall be issued at the expense of the Issuer: (i) in the case of Relevant Covered Bonds, in the denominations of €100,000 and/or such higher amounts as the Fiscal Agent may determine and notify to the applicable Covered Bondholders and any remaining amounts less than €100,000 shall be redeemed by the Issuer and paid to the applicable Covered Bondholders (for their individual accounts without sharing) in euro in accordance with Condition 6 (*Redemption and Purchase*), and (ii) in the case of Covered Bonds that are not Relevant Covered Bonds, in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the Fiscal Agent may approve) €0.01 and such other denominations as the Fiscal Agent may determine and notify to the applicable Covered Bondholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons of the applicable Series denominated in the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the “*Exchange Notice*”) that replacement euro-denominated Covered Bonds, Receipts and Coupons are available for exchange (*provided* that such are so available) and no payments will be made in respect of the then-existing Covered Bonds, Receipts and Coupons of such Series. The payment obligations contained in any Covered Bonds, Receipts and Coupons of such Series so issued prior to the Redenomination Date will also become void on that date although those Covered Bonds, Receipts and Coupons will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Covered Bonds, Receipts and Coupons will be issued in exchange for the applicable Covered Bonds, Receipts and Coupons denominated in the Specified Currency in such manner as the Agents may specify and as shall be notified to the applicable Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the applicable Covered Bonds;
- (e) after the Redenomination Date, all payments in respect of the Covered Bonds, the Receipts and the Coupons of the applicable Series will be made solely in euro as though references in such Covered Bonds, Receipts and Coupons to the Specified Currency were to euro. Payments thereon will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the applicable Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, then it will be calculated:
 - (i) in the case of Global Covered Bonds, by applying the Rate of Interest to the aggregate Principal Amount Outstanding of Covered Bonds represented by such Global Covered Bonds, and
 - (ii) in the case of Definitive Covered Bonds, by applying the Rate of Interest to the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

- (g) if the applicable Covered Bonds are Floating Rate Covered Bonds, then the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

- (h) such other changes shall be made to this Condition (and the Final Terms and other Transaction Documents) as the Issuer may decide, after consultation with the Fiscal Agent, and as may be specified in the Exchange Notice, to conform it to conventions then applicable to instruments denominated in euro.

5.11 Definitions

In these Conditions, the following expressions have the following meanings:

“*Final Redemption Amount*” means, in respect of a Tranche of Covered Bonds, the amount specified in the applicable Final Terms.

“*Optional Redemption Amount*” has, in respect of a Tranche of Covered Bonds, the meaning (if any) given in the applicable Final Terms.

“*Rate of Interest*” has, with respect to any Tranche, the meaning given to that term in the applicable Final Terms as further elaborated by Condition 4 (*Interest*).

“*Reference Banks*” means: (a, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (b) in the case of a determination of EURIBOR, the principal eurozone office of four major banks in the eurozone inter-bank market, and (c) in the case of a determination of TRYIBOR, the principal İstanbul office of four major banks in the Turkish Lira interbank market, in each case selected by the Fiscal Agent or as specified in the applicable Final Terms.

“*Reference Rate*” means, unless otherwise specified in the applicable Final Terms: (a) the London interbank offered rate (“*LIBOR*”), (b) the Euro-zone interbank offered rate (“*EURIBOR*”) or (c) the Turkish Lira interbank offered rate (“*TRYIBOR*”), in each case as specified in the applicable Final Terms.

“*Relevant Screen Page*,” in respect of Floating Rate Covered Bonds to which Screen Rate Determination applies, has the meaning given to that term in the applicable Final Terms.

“*Screen Rate Determination*” means, if specified as applicable in the applicable Final Terms, the manner in which the Rate of Interest on Floating Rate Covered Bonds is to be determined in accordance with Condition 4.2(b)(ii) (*Screen Rate Determination for Floating Rate Covered Bonds*).

6. Redemption and Purchase

6.1 Redemption at Maturity

Subject to Condition 6.9 (*Extension of Maturity up to an Extended Final Maturity Date*), and unless previously redeemed or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in (except as provided in Conditions 5.8 (*U.S. Dollar Exchange and Payments on Turkish Lira-Denominated Covered Bonds held other than through DTC*) and 5.9 (*Payments on Covered Bonds held through DTC in a Specified Currency other than U.S. Dollars*)) the relevant Specified Currency on the Final Maturity Date specified in the applicable Final Terms. Unless previously: (a) purchased and cancelled or (b) redeemed as provided in these Conditions, the Covered Bonds will be redeemed on such Final Maturity Date at their Principal Amount Outstanding.

The Final Maturity Date (and, if applicable, Extended Final Maturity Date) for any Series may only be scheduled to occur on an Interest Payment Date (or, if applicable, Extended Series Payment Date) for such Series as set out in the applicable Final Terms.

6.2 Redemption for Tax Reasons

Unless provided otherwise in the applicable Final Terms, if:

- (a) as a result of any change in, or amendment to, the Applicable Laws of a Relevant Jurisdiction, or any change in the application or official interpretation of the Applicable Laws of a Relevant Jurisdiction, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Covered Bonds of this Series (which shall, for the avoidance of doubt and for the purposes of this Condition 6.2, be the date on which the applicable Final Terms is signed by the Issuer), on the next Interest Payment Date the Issuer would be required to:

- (i) pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*); 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 at a rate in excess of the prevailing applicable rate on such date on which agreement is reached to issue the first Tranche of the Covered Bonds of this Series; and
- (b) such requirement cannot be avoided by the Issuer taking reasonable measures available to it,

then the Issuer may at its option, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the applicable Covered Bondholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Covered Bonds of this Series at any time at their Early Redemption Amount together (if appropriate) with all unpaid interest accrued to (but excluding) the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent: (i) a certificate signed by two authorised signatories of the Issuer stating that the requirements referred to in sub-paragraphs (a) and (b) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

This Condition 6.3 applies to Covered Bonds that are subject to redemption prior to the Final Maturity Date (or, as applicable, Extended Final Maturity Date) at the option of the Issuer (other than for taxation reasons pursuant to Condition 6.2 (*Redemption for Tax Reasons*)), such option being referred to as an “*Issuer Call*.” The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6.3 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Covered Bonds that can be redeemed and the applicable notice periods.

If an Issuer Call is specified as being applicable in the applicable Final Terms, then the Issuer may at its option, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Covered Bondholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together (if appropriate) with all unpaid interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount (if any) and not more than the Maximum Redemption Amount (if any), in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Covered Bonds under this Condition 6.3, the Covered Bonds to be redeemed (“*Redeemed Covered Bonds*”) will: (a) in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, be selected individually by lot not more than 30 days prior to the date fixed for redemption, and (b) in the case of Redeemed Covered Bonds represented by a Global Covered Bond, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion) and/or DTC. In the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 14 (*Notices*) not less than 15 days prior to the date fixed for redemption.

“*Optional Redemption Date*” has the meaning (if any) given in the applicable Final Terms.

6.4 Early Redemption Amounts

For the purpose of Conditions 6.2 (*Redemption for Tax Reasons*), 6.5 (*Installments*), 6.11 (*Mandatory Redemption by the Administrator*) and 10 (*Events of Default*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows (the “*Early Redemption Amount*”):

- (a) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price of the first Tranche of the applicable Series and payable in the Specified Currency of such Covered

Bond, at the Final Redemption Amount thereof; or

- (b) in the case of a Covered Bond (including an Instalment Covered Bond) with a Final Redemption Amount that is or may be less or greater than the Issue Price of the first Tranche of the applicable Series or that is payable in a Specified Currency other than that in which the Covered Bond is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its Principal Amount Outstanding.

6.5 Instalments

Instalment Covered Bonds will be redeemed in the instalment amount as specified in the applicable Final Terms (the “*Instalment Amount*”) and on the Instalment Date(s) specified in such Final Terms. In the case of early redemption of Instalment Covered Bonds, the applicable Early Redemption Amount will be determined pursuant to Condition 6.4 (*Early Redemption Amounts*). Instalment Dates for a Series may only be scheduled to occur on Interest Payment Dates for such Series.

6.6 General

Prior to the publication of any notice of redemption pursuant to Condition 6.2 (*Redemption for Tax Reasons*) or Condition 6.3 (*Redemption at the Option of the Issuer (Issuer Call)*), the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories (at the relevant time) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions set out in Condition 6.2 (*Redemption for Tax Reasons*) or Condition 6.3 (*Redemption at the Option of the Issuer (Issuer Call)*) for such right of the Issuer to arise have been satisfied and that the Issuer will have the funds in the relevant Specified Currency outside of Turkey, not subject to the interest of any other Persons (other than any ordinary course banker’s lien or similar encumbrance of the applicable account bank), required to fulfil its obligations hereunder in respect of the Covered Bonds to be redeemed and any amounts required under the Transaction Documents and/or the Turkish Covered Bonds Law to be paid at the same time *pari passu* with, or in priority to, such Covered Bonds (including any early termination amount or settlement amount payable to a Hedging Counterparty under a Hedging Agreement in connection with such redemption) and the Fiscal Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions set out above, in which event it shall be conclusive and binding on all Covered Bondholders, Receiptholders and Couponholders of the applicable Series.

6.7 Purchases by the Issuer or its Subsidiaries

To the extent possible under Applicable Law, the Issuer and/or any of its Subsidiaries may at any time purchase or otherwise acquire Covered Bonds (*provided* that, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market, whether by tender, exchange, private agreement or otherwise. If any such purchases or acquisitions of Covered Bonds are made by tender, exchange or other process, then such tender, exchange or other process does not need to be available to all Covered Bondholders of the applicable Series alike except to the extent required by Applicable Law. Such Covered Bonds (and the related Receipts, Coupons and Talons) may be held, resold or, at the option of the Issuer or any such Subsidiary (as the case may be) for those Covered Bonds held by it, surrendered to any Paying Agent and/or the Registrar for cancellation; *provided* that any such resale or surrender of a Covered Bond shall include a sale or surrender (as applicable) of all related Receipts, Coupons and Talons. The Covered Bonds so purchased or acquired, while held by or on behalf of the Issuer or any such Subsidiary, shall (except to the extent held as broker or otherwise for one or more other Person(s)) not entitle it (as the Covered Bondholder with respect thereto) to vote at any meeting of the Covered Bondholders and shall (except to the extent held as broker or otherwise for one or more other Person(s)) not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Covered Bondholders or for the purposes of Condition 15.1 (*Meetings of Covered Bondholders*).

Each of the Agents, the Security Agent, the Calculation Agent and any other Secured Creditor is expressly authorised to take part in an exchange offer by the Issuer or a third party, including an exchange offer to less than all of the Covered Bondholders for all or any portion of a Series of Covered Bonds (or beneficial interests therein), and shall be held harmless for doing so. By its acquisition of a Covered Bond (or a beneficial interest therein), each investor therein agrees (or shall be deemed to agree) to the above,

including that any such tender or exchange offer (or other process) need not be extended to all investors in the Covered Bonds (for example, if investors in Italy, the United States and/or some other jurisdictions were to be excluded from participating in such a tender or exchange offer or other process) (for the purpose of clarification, nothing in this paragraph alters the Issuer's or any other Person's obligation to comply with Applicable Law in connection with any such tender or exchange offer or other process and no investor in the Covered Bonds has any obligation to participate in any such tender or exchange offer or other process).

6.8 Cancellation

All Covered Bonds (and the related Receipts, Coupons and Talons) that are redeemed (or surrendered for cancellation by the Issuer or any of its Subsidiaries as described in Condition 6.7 (*Purchases by the Issuer or its Subsidiaries*)) will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption or cancellation). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 6.7 (*Purchases by the Issuer or its Subsidiaries*) above (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent or, as the case may be, the Registrar and cannot be reissued or resold.

6.9 Extension of Maturity up to an Extended Final Maturity Date

If so specified in the applicable Final Terms relating to a Series of Soft Bullet Covered Bonds, the Issuer's obligations under the relevant Covered Bonds to pay their Principal Amount Outstanding on the relevant Final Maturity Date may be deferred to the applicable Extended Final Maturity Date. Such deferral will occur automatically if the Issuer does not pay the Final Redemption Amount on the relevant Final Maturity Date for such Soft Bullet Covered Bonds. Upon such automatic deferral, any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date of such Series of Soft Bullet Covered Bonds may be paid by the Issuer on any Extended Series Payment Date for such Series thereafter up to (and including) the relevant Extended Final Maturity Date (or, pursuant to Condition 6.3 (*Redemption at the Option of the Issuer (Issuer Call)*), the Issuer may elect to redeem such Series earlier than the Extended Final Maturity Date if and to the extent permitted under the provisions of any applicable Issuer Call option). Interest will continue to accrue and be payable on any unpaid amounts on each Extended Series Payment Date for such Series up to the relevant Extended Final Maturity Date in accordance with Condition 4 (*Interest*) and as specified in the applicable Final Terms. As provided in Condition 4.5 (*Interest Rate and Payments from Final Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Final Maturity Date*), the Issuer shall give to the applicable Covered Bondholders, the Fiscal Agent and the Paying Agents notice of its intention to redeem all or any of the Principal Amount Outstanding of such Soft Bullet Covered Bonds.

Upon any automatic deferral described in the preceding paragraph, the Issuer shall:

- (a) without prejudice to its obligations in Schedule 1, Parts 1(c) and (d) of the Security Agency Agreement, promptly liquidate all Authorised Investments that are Cover Pool Assets (which, for the avoidance of doubt, do not include any investments that are Hedge Collateral) and Substitute Assets to the extent necessary to pay the Final Redemption Amount for such Series of Soft Bullet Covered Bonds;
- (b) deposit the proceeds of such liquidation (the "*Liquidation Proceeds*") into the relevant Designated Account(s) (such proceeds to form part of the Available Funds); and
- (c) on the Final Maturity Date for such Series and on each Extended Series Payment Date for such Series thereafter up to (and including) the relevant Extended Final Maturity Date, apply all Available Funds towards the payment of any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date of such Series of Soft Bullet Covered Bonds plus accrued interest thereon; *provided* that where an Interest Payment Date (including any such date that is also an Extended Series Payment Date) of any other Series of Covered Bonds (or any payment by the Issuer under a Hedging Agreement) corresponds with such Extended Series Payment Date, the Issuer shall apply all Available Funds towards payment of amounts due and payable in respect of such Series of Soft Bullet Covered Bonds, such other Series of Covered Bonds and such Hedging Agreement(s), as applicable, on a *pro rata* basis (as a result of any such

payment, the amount that otherwise would be payable to a Covered Bondholder pursuant to any purchase or redemption of the applicable Series by the Issuer, including with respect to the interest that will accrue after such payment, will be reduced).

Any extension of the maturity of Soft Bullet Covered Bonds under this Condition 6.9 shall be irrevocable. Where this Condition 6.9 applies, any non-payment of the Soft Bullet Covered Bonds on their Final Maturity Date and the resulting extension of the maturity of such Soft Bullet Covered Bonds under this Condition 6.9 shall not constitute an Event of Default for any purpose or give any Covered Bondholder, Receiptholder or Couponholder any right to receive any payment of interest, principal or otherwise on the relevant Soft Bullet Covered Bonds other than as expressly set out in these Conditions. Where this Condition 6.9 applies, any non-payment of the Soft Bullet Covered Bonds on their Final Maturity Date and the resulting extension of the maturity of such Soft Bullet Covered Bonds to their Extended Final Maturity Date under this Condition 6.9 shall (if not cured by the end of the applicable cure period) constitute an Issuer Event.

In the event of the extension of the maturity of Soft Bullet Covered Bonds under this Condition 6.9, interest rates, interest periods and interest payment dates on such Soft Bullet Covered Bonds from (and including) the Final Maturity Date of such Covered Bonds to (but excluding) their Extended Final Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 4 (*Interest*).

If the Issuer redeems part and not all of the Principal Amount Outstanding of a Series of Soft Bullet Covered Bonds after the applicable Final Maturity Date, then the redemption proceeds shall be applied ratably across the Covered Bonds of such Series and the Principal Amount Outstanding on the relevant Covered Bonds shall be reduced by the level of that redemption.

6.10 Mandatory Redemption by the Administrator

Notwithstanding anything else herein or in any other Transaction Documents to the contrary, and without the consent of the Covered Bondholders, the Administrator (pursuant to Article 27(6) of the Covered Bonds Communiqué) may, with the consent of the CMB, determine to cause the Issuer to redeem any Series of Covered Bonds in whole or in part on one or more redemption dates prior to the relevant Final Maturity Date or Extended Final Maturity Date applicable to such Covered Bonds. In such case, the Administrator may perform the liquidation of the Cover Pool Assets and instruct or cause the Issuer to make an early redemption of such Covered Bonds. If so instructed or caused to make an early redemption of this Series of Covered Bonds, then the Issuer will have the right to and will, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the applicable Covered Bondholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds of this Series (as so instructed or caused) at their Early Redemption Amount together (if appropriate) with all unpaid interest accrued to (but excluding) the date of redemption.

7. Taxation

7.1 Payment without Withholding

All payments of principal or interest in respect of the Covered Bonds (including with respect to the Receipts and the Coupons, if any) by (or on behalf of) the Issuer will be made free and clear of, and without withholding or deduction for or on account of, any Taxes imposed or levied by or on behalf of any Relevant Jurisdiction unless the withholding or deduction of the Taxes is required by Applicable Law. In that event, the Issuer shall pay such additional amounts ("*Additional Amounts*") as shall be necessary in order that the net amounts received by the holders of the Covered Bonds, Receipts or Coupons after such withholding or deduction shall equal the respective amounts that would otherwise have been receivable in respect of such Covered Bonds, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable in relation to any payment in respect of any Covered Bond, Receipt or Coupon:

- (a) presented for payment by or on behalf of a holder who is liable for Taxes in respect of the Covered Bond, Receipt or Coupon by reason of such holder having some connection with any Relevant Jurisdiction other than the mere holding of the Covered Bond, Receipt or Coupon;
- (b) for any Covered Bond presented for payment in the Republic of Turkey; or

- (c) presented for payment more than 30 days after the Relevant Date except to the extent that a holder of the relevant Covered Bond, Receipt or Coupon would have been entitled to Additional Amounts on presenting the same for payment on the last day of such 30 day period (assuming that day to have been a Payment Day (as defined in Condition 5.6 (*Payment Day*))).

Notwithstanding any other provision of these Conditions or the other Transaction Documents, in no event will the Issuer, any Paying Agent or any other Person be required to pay any Additional Amounts or amount in respect of the Covered Bonds (including on Receipts and Coupons) for, or on account of, any withholding or deduction required pursuant to FATCA.

7.2 Additional Amounts

Any reference in these Conditions to any amounts payable in respect of the Covered Bonds shall be deemed also to refer to any Additional Amounts that may be payable under this Condition 7.

7.3 Tax Sharing Laws

The: (a) Issuer and/or any Paying Agent may request each Covered Bondholder to provide to the Issuer and each Paying Agent (or any agent acting on any of their respective behalf) all information reasonably available to it that is reasonably requested by the Issuer and/or such Paying Agent (or any agent acting on any of their respective behalf) in connection with the Tax Sharing Laws and (b) Issuer and each of the Paying Agents (or any agent acting on any of their respective behalf) may: (i) provide such information, any related documentation and any other information concerning such Covered Bondholder's investment in the Covered Bonds to each other and/or any relevant tax authority and (ii) take such other steps as it may deem necessary or helpful to comply with the Tax Sharing Laws; *provided* that the requirements of this paragraph shall not apply to any Covered Bondholder that is an Exempt Government Entity. For the purpose of clarification, this is applicable only to the Covered Bondholders (or holders of Bearer Covered Bonds) and not to holders of beneficial interests in the Covered Bonds held through Clearing Systems.

8. Prescription

Covered Bonds (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest with respect thereto are made within a period of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date therefor.

Without prejudice to the generality of the preceding paragraph:

- (a) the Issuer shall be discharged from its obligation to pay principal on a Registered Covered Bond (including any related Receipts) to the extent that the relevant Registered Covered Bond certificate has not been surrendered to the Registrar by, or a cheque that has been duly dispatched in the applicable currency of payment remains uncashed at, the end of the period of 10 years from the Relevant Date for such payment, and
- (b) the Issuer shall be discharged from its obligation to pay interest on a Registered Covered Bond to the extent that a cheque that has been duly dispatched in the applicable currency of payment remains uncashed at the end of the period of five years from the Relevant Date in respect of such payment.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 (*Presentation of Bearer Definitive Covered Bonds, Receipts and Coupons*) or any Talon that would be void pursuant to Condition 5.2 (*Presentation of Bearer Definitive Covered Bonds, Receipts and Coupons*).

9. Issuer Events; Consequences of the occurrence of a continuing Issuer Event

For so long as an Issuer Event, an Event of Default or (with respect to sub-paragraphs (a) through (c) below) a Potential Breach of Statutory Test is continuing:

- (a) no further Covered Bonds shall be issued;
- (b) after the Issuer's detection of such Issuer Event, Event of Default or Potential Breach of Statutory Test, all amounts on deposit in the Collection Account shall be transferred by the Issuer to the TL Designated Account within two Istanbul Business Days of receipt (and, with respect to amounts in

the Collection Account, at the time of such detection, within two İstanbul Business Days of such detection);

- (c) after the Issuer's detection of such Issuer Event, Event of Default or Potential Breach of Statutory Test, all collections of principal and interest on the Cover Pool Assets will be dedicated exclusively towards the satisfaction of all the Issuer's payment obligations towards the Secured Creditors, subject to: (i) in the case of the Other Secured Creditors, the provisions of Article 29 of the Covered Bonds Communiqué, and (ii) in all cases, the provisions of Article 13 of the Covered Bonds Communiqué; and
- (d) where Article 27(1) of the Covered Bonds Communiqué applies, an Administrator may be appointed by the CMB to manage the Cover Pool.

In the case of Soft Bullet Covered Bonds where the applicable Final Terms provide that the Issuer's obligations under the relevant Covered Bonds to pay the applicable Principal Amount Outstanding on the relevant Final Maturity Date may be deferred until the applicable Extended Final Maturity Date, the non-payment by the Issuer of the Principal Amount Outstanding on such Soft Bullet Covered Bonds on such Final Maturity Date shall not constitute an Event of Default but shall (if not cured by the end of the applicable cure period) constitute an Issuer Event.

10. Events of Default

10.1 An "*Event of Default*" arises if one or both of the following events occurs and is continuing:

- (a) the Issuer fails to pay any interest (or any Additional Amounts) in respect of the Covered Bonds (including with respect to the Coupons) of any Series within a period of 14 İstanbul Business Days from the due date thereof; or
- (b) on the Final Maturity Date (in the case of Covered Bonds that are not subject to an Extended Final Maturity Date) or Extended Final Maturity Date (in the case of Soft Bullet Covered Bonds that are subject to an Extended Final Maturity Date), as applicable, of any Series of Covered Bonds there is a failure to pay any amount of principal due on such Covered Bonds on such date and such default is not remedied within a period of seven İstanbul Business Days from the due date thereof.

At any time following the occurrence of any Event of Default and for so long as such Event of Default is continuing, the Security Agent acting as directed by the Covered Bondholder Representative may serve a notice of default on the Issuer (such notice, a "*Notice of Default*"), upon the Issuer's receipt of which the Principal Amount Outstanding of the Covered Bonds of each Series shall become immediately due and payable at their Early Redemption Amount as set out in the Final Terms.

In the case of Soft Bullet Covered Bonds where the applicable Final Terms provide that the Issuer's obligations under the relevant Covered Bonds to pay the applicable Principal Amount Outstanding on the relevant Final Maturity Date may be deferred until the applicable Extended Final Maturity Date, any non-payment by the Issuer of the Principal Amount Outstanding on such Soft Bullet Covered Bonds on such Final Maturity Date shall not constitute an Event of Default but shall (if not cured by the end of the applicable cure period) constitute an Issuer Event.

10.2 Enforcement

The Security Agent, at its discretion and without notice, may take such steps or proceedings against or in relation to the Issuer as it may think fit to enforce the provisions of the Transaction Security Documents and the other English Law Transaction Documents to which it is a party (or with respect to which the Issuer's rights, title, interest and benefit therein has been assigned to it pursuant to the Security Assignment), but the Security Agent shall not be bound to take any such steps or proceedings unless so requested in writing by the Covered Bondholder Representative (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction).

Pursuant to the Security Assignment, each of the Secured Creditors (other than the Security Agent) agrees with (or, by their accepting the benefits of the Security Assignment, shall be deemed to have agreed with) the Security Agent and the Issuer that such Secured Creditor: (a) shall not be entitled to take, and shall not take, any steps whatsoever to enforce the security created by or pursuant to the Security Assignment, or to direct the Security Agent to do so; and (b) shall not be entitled to take, and shall not take, any steps

(including, without limitation, the exercise of any right of set-off) for the purpose of recovering any of the Secured Obligations owing to it or any other debts whatsoever owing to it by the Issuer or procuring the winding-up, examination, administration, bankruptcy, insolvency, dissolution or reorganisation of the Issuer (or any analogous procedure or step in any jurisdiction in relation to the Issuer) in respect of the Secured Obligations; *provided* that if the Security Agent or the Receiver, having become bound to do so, fails to serve a Notice of Default and/or to take any steps or proceedings to enforce such security pursuant to the Security Assignment within a reasonable time, and such failure is continuing, then the Secured Creditors shall be entitled to take any such steps and proceedings as they shall deem necessary (other than procuring the winding-up, examination, administration, bankruptcy, insolvency, dissolution or reorganisation of the Issuer (or any analogous procedure or step in any jurisdiction in relation to the Issuer) in respect of the Secured Obligations); *and provided further* that the Covered Bondholder Representative is entitled to direct the Security Agent to enforce the security created pursuant to the Security Assignment as more particularly set out in this Condition 10 (*Events of Default*) and the Security Agency Agreement.

In acting on the instructions of the Covered Bondholder Representative, the Security Agent shall not be required to consider the interests of any other Secured Creditor. The Security Agent shall not be required to take any action that would involve the Security Agent in any liability or expense (unless previously pre-funded and/or indemnified and/or secured to its satisfaction). The Security Agent shall not, in any event, have regard to the consequences for individual Secured Creditors resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular jurisdiction. No Secured Creditor shall be entitled to require from the Issuer or the Security Agent, nor shall any Secured Creditor be entitled to claim from the Issuer or the Transaction Security, any indemnification or other payment in respect of any consequence (including any tax consequence) for such individual Secured Creditor of any such exercise.

For the avoidance of doubt, the Security Agent shall be entitled to act in relation to all matters arising under these Conditions, the Security Agency Agreement, the Transaction Security Documents and the other Transaction Documents to which it is a party as soon as it has received any instruction, direction and/or request from the Covered Bondholder Representative (subject in all cases to the requirement for the Security Agent to first have been pre-funded and/or secured and/or indemnified to its satisfaction) and if the Security Agent receives a conflicting instruction, direction and/or request from one or more Secured Creditors (other than the Covered Bondholder Representative) in relation to any such matter, then the Security Agent shall in no way incur any liability for acting or continuing to act as it was instructed, directed and/or requested by the Covered Bondholder Representative.

The Covered Bondholder Representative is required to be appointed by the Majority Instructing Creditor. The Security Agency Agreement and the Agency Agreement contain provisions for convening meetings of Covered Bondholders to appoint the Covered Bondholder Representative.

10.3 Transfer to another institution

Pursuant to the provisions of Article 27 of the Covered Bonds Communiqué, in the event that an Administrator is appointed to the Cover Pool, the Administrator may, with the consent of the CMB, transfer (an “*Administrator Transfer*”) all or part of the Cover Pool Assets and the Total Liabilities and any other obligations that benefit from the Cover Pool to another bank or mortgage finance institution (each within the meaning of the Covered Bonds Communiqué). An Administrator Transfer is not subject to the consent of the Security Agent, Covered Bondholders, Hedging Counterparties, Agents or other Secured Creditors.

Notwithstanding any other provision of these Conditions or any other Transaction Document, an Administrator Transfer shall not constitute an Event of Default.

The Issuer shall use its best endeavours to effect any such Administrator Transfer at the earliest opportunity and in as smooth and trouble-free manner as is reasonably possible in the circumstances.

11. Replacement of Covered Bonds, Receipts, Coupons and Talons

If any Covered Bond, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Covered Bonds, Receipts, Coupons or Talons) or the Registrar (in the case of Registered Covered Bonds) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to: (a)

evidence of such loss, theft, mutilation, defacement or destruction and (b) indemnity as the Issuer and the Fiscal Agent or, as applicable, the Registrar may reasonably require. Mutilated or defaced Covered Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Agents

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement. If any additional Agents are appointed in connection with any Series, then the names of such Agents will be specified in Part B of the Final Terms for such Series.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents; *provided* that the applicable requirements (if any) of Clause 25 (*Changes in Agents*) of the Agency Agreement are satisfied.

In addition, the Issuer shall as soon as practicable appoint a Paying Agent having a specified office in the United States in the circumstances described in Condition 5.5 (*General Provisions Applicable to Payments*).

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 Covered Bondholder, Receiptholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted, with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon included in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*). Each Talon shall, for the purposes of these Conditions, be deemed to terminate concurrently with payment of the final Coupon included in the relevant Coupon sheet.

14. Notices

All notices regarding the Bearer Covered Bonds will be deemed to be validly given if published in a leading English language newspaper of general circulation in London. It is anticipated (but not required) that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any relevant Stock Exchange or other relevant authority on which the Bearer Covered Bonds (if any) are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the first date by which publication has occurred in all required newspapers.

All notices to Covered Bondholders regarding the Registered Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) of such Registered Covered Bonds 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 Registered Covered Bonds are listed on a relevant Stock Exchange or are admitted to trading by another relevant authority and the rules of that relevant 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.

There may, so long as any Registered Global Covered Bonds are held in their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, for communication by them to the holders of interests in the applicable Covered Bonds and, in addition, for so long as any Covered Bonds are listed on a relevant Stock Exchange or are admitted to trading by another relevant authority and the rules of that relevant 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 shall be deemed to have been given to the holders of interests in such Covered Bonds on such day as is specified in the applicable Final Terms after the day on which such notice was given to Euroclear, Clearstream, Luxembourg and/or DTC, as applicable (or, if not so specified, on the second London Business Day thereafter).

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same (together, in the case of any Definitive Bearer Covered Bond, with such Definitive Bearer Covered Bond) with the Fiscal Agent. Any such Definitive Bearer Covered Bond shall be returned to the relevant Covered Bondholder after such notice has been given in the event such Definitive Bearer Covered Bond is otherwise due to be returned to such Covered Bondholder. Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of an interest in such Global Covered Bond to the Fiscal Agent or the Registrar through Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Fiscal Agent, the Registrar and Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

Receiptholders and Couponholders of a Covered Bond shall be deemed for all purposes to have notice of the contents of any notice given to the applicable Covered Bondholder.

Notices given by (or on behalf of) the Issuer to Covered Bondholders of this Series pursuant hereto shall also be delivered to all Hedge Counterparties (if any) that are parties to Hedging Agreements relating to this Series at the same time as they are given to such Covered Bondholders, which notices (unless published as provided in the first paragraph of this Condition 14) shall be delivered to each such Hedge Counterparty in accordance with the relevant Hedging Agreement.

15. Meetings of Covered Bondholders and Modification

15.1 Meetings of Covered Bondholders

The Agency Agreement contains provisions for convening meetings of the Covered Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer at any time and shall be convened by the Issuer: (a) other than in respect of a Programme Reserved Matter, at any time if required in writing by Covered Bondholders holding not less than five *per cent.* in Principal Amount Outstanding of the Covered Bonds of this Series for the time being outstanding, (b) in respect of a Programme Reserved Matter, at any time if required in writing by Covered Bondholders holding not less than five *per cent.* in aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding, or (c) in order to appoint the Covered Bondholder Representative, at any time if required by any Covered Bondholder. A meeting that has been validly convened in accordance with the provisions of the Agency Agreement may be cancelled by the Person(s) who convened (or, if applicable, caused the Issuer to convene) such meeting giving at least five days' notice (which, in the case of a meeting convened by the Issuer, will be given to the applicable Covered Bondholders in accordance with Condition 14 (*Notices*) and to the Fiscal Agent and the Security Agent); *provided* that if the Issuer had convened such meeting after having been required to do so by one or more Covered Bondholder(s) pursuant to Clause 3.1 of Schedule 3 to the Agency Agreement, then the Issuer may not so cancel such meeting absent a request to do so from such Covered Bondholder(s).

The quorum at any meeting for appointing the Covered Bondholder Representative (which is required to be appointed by the Majority Instructing Creditor) shall be one or more Eligible Person(s) present and holding or representing at least a majority of the Principal Amount Outstanding of all Series of Covered Bonds for the time being outstanding. The quorum at any meeting of a Series of Covered Bonds for passing an Extraordinary Resolution (but not a Programme Resolution) is one or more Eligible Person(s) present and holding or representing in the aggregate at least a majority of the Principal Amount Outstanding of the relevant Series of Covered Bonds for the time being outstanding, or at any adjourned meeting one or more Person(s) being or representing Covered Bondholders whatever the principal amount of the Covered Bonds so held or represented, except that at any meeting the business of which includes any Series Reserved Matter (including modifying the date of maturity of the applicable Series of Covered Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the applicable Series of Covered Bonds, modifying the currency of payment of the applicable Series of Covered Bonds, the related Receipts or the related Coupons or modifying the Deed of Covenant),

the quorum shall be one or more Eligible Person(s) present and holding or representing not less than two-thirds in Principal Amount Outstanding of the relevant Series of Covered Bonds for the time being outstanding, or at any adjourned such meeting one or more Eligible Person(s) present and holding or representing not less than one-third in Principal Amount Outstanding of the relevant Series of Covered Bonds for the time being outstanding. An Extraordinary Resolution or Programme Resolution passed at any meeting of the Covered Bondholders shall be binding on all the Covered Bondholders, whether or not they are present at such meeting and whether or not they vote on the resolution, and on all Couponholders and Receiptholders.

15.2 Modification

The Issuer may make amendments or modifications to these Conditions and/or the other Transaction Documents in the manner described in Clause 32 (*Amendments*) of the Agency Agreement and (with respect to any Transaction Document) as provided within the applicable Transaction Document. Any such amendment or modification shall be binding on the Covered Bondholders, Receiptholders and Couponholders and, unless the Fiscal Agent agrees otherwise, any such amendment or modification shall be notified by the Issuer to the applicable Covered Bondholders, Receiptholders and Couponholders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

Without prejudice to the provisions set out in these Conditions, after the relevant Issue Date of any Series with respect to which one or more Hedging Agreement(s) is/are in place, the Issuer shall not amend the provisions of such Series of Covered Bonds to include any additional redemption rights in respect of such Series of Covered Bonds without the prior written consent of the relevant Hedging Counterparty(ies) for such Series of Covered Bonds.

16. Further Issues

The Issuer may from time to time without the consent of the Covered Bondholders or any other Secured Creditors create and issue further Covered Bonds having terms and conditions the same as those of this Series of Covered Bonds or the same in all respects save for the amount and/or date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with such outstanding Covered Bonds; *provided* that the Issuer shall ensure that such further Covered Bonds will, if applicable, be fungible with such outstanding Covered Bonds for U.S. federal income tax purposes as a result of their issuance being a “qualified reopening” under U.S. Treasury Regulation § 1.1275-2(k); *and provided further* that: (a) there is no Potential Breach of Statutory Test, Issuer Event or Event of Default outstanding at the time of such issuance and that such issuance would not cause a Potential Breach of Statutory Test, Issuer Event or Event of Default, (b) the Issuer notifies each Relevant Rating Agency of any Series of Covered Bonds of the issuance not less than five Business Days prior to the relevant issuance, (c) if applicable, such issuance has been approved by the CMB in accordance with the Turkish Covered Bonds Law, and (d) if a Hedging Agreement is in place with respect to such outstanding Covered Bonds, a further Hedging Agreement (or amendment or other modification of such existing Hedging Agreement) is entered into with respect to such further Covered Bonds.

In addition, the Issuer may from time to time without the consent of the Covered Bondholders or any other Secured Creditors create and issue separate Series of Covered Bonds under the Programme subject to satisfaction of sub-paragraphs (a) and (c) referred to in the proviso to the immediately preceding paragraph.

Notwithstanding the preceding two paragraphs, in order to issue any other Series of Covered Bonds or any further Tranche of this or any other Series, a Rating Agency Confirmation from the Relevant Rating Agency(ies) of this Series shall have been obtained *unless* the new issuance is denominated and payable in Turkish Lira.

17. Contracts (Rights of Third Parties) Act 1999

No Person shall have any right to enforce any term or condition of this Covered Bond 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 and the rights and remedies of the relevant Hedge Counterparty(ies) in respect of the matters described in Condition 14 (*Notices*) and Condition 15.2 (*Modification*) above and the rights and remedies of the Security Agent in respect of the matters described in the preamble to Condition 1 (*Form, Denomination and Title*) of these Conditions, Condition 10 (*Events of Default*), Condition 15

(*Meeting of Covered Bondholders and Modification*) and Condition 18 (*Governing Law and Submission to Jurisdiction*).

18. Governing Law and Submission to Jurisdiction

18.1 Governing Law

These Conditions, and any non-contractual obligations arising out of or in connection herewith, are and will be governed by, and construed in accordance with, the laws of England and Wales; *provided* that the Statutory Segregation referred to in Condition 3 (*Status of the Covered Bonds*) is and shall be governed by and construed in accordance with the laws of Turkey.

18.2 Submission to Jurisdiction

The Issuer irrevocably agrees, for the benefit of the Covered Bondholders, Receiptholders and Couponholders, and the Covered Bondholders, Receiptholders and Couponholders shall (by their acquisition of this Covered Bond or any related Receipt or Coupon) be deemed to have agreed for the benefit of the Issuer, the Agents and the Security Agent, that the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) have exclusive jurisdiction to settle any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Covered Bonds, Receipts and/or Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of any of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Covered Bonds, Receipts and/or Coupons) (together referred to as "*Proceedings*") and accordingly submits (or shall be deemed to have submitted) to the exclusive jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) with respect thereto.

To the fullest extent allowed by Applicable Law, the Issuer irrevocably waives any objection that it may have to the laying of the venue of any Proceedings in any such courts and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought 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) shall be conclusive and binding upon it and (to the extent permitted by Applicable Law) may be enforced in the courts of any other jurisdiction.

Nothing contained in this Clause shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not, to the extent allowed by Applicable Law.

18.3 Consent to Enforcement

The Issuer agrees, upon the enforcement or recognition 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 relevant provisions 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 Covered Bonds, the Receipts and/or the Coupons, in addition to other permissible legal evidence pursuant to the Civil Procedure Code of Turkey (Law No. 6100), such 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 sentence 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).

To the extent that the Issuer hereto may in any jurisdiction claim for itself or its assets or revenues any immunity in relation to any Proceedings, including, without limitation, immunity from the jurisdiction of any court or tribunal, suit, service of process, injunctive or other interim relief, any order for specific

performance, any order for recovery of land, any attachment (whether in aid of execution, before judgment or otherwise), any process for execution of any award or judgement or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the fullest extent permitted by the Applicable Laws of such jurisdiction. Without limiting the generality of the foregoing, the Issuer agrees that the foregoing waiver of immunity shall have the fullest scope permitted under the U.S. Foreign Sovereign Immunities Act of 1976 and is intended to be irrevocable for purposes of such Act.

18.4 Appointment of Process Agent

In connection with any Proceedings in England, service of process may be made upon the Issuer at its representative office at Fifth Floor, 192 Sloane Street, London, SW1X 9QX and the Issuer undertakes that in the event that it ceases to have an office in England it will promptly appoint another Person as its agent for that purpose. If the Issuer fails so to appoint such other Person, then the Security Agent may appoint an agent for this purpose; *provided* that the Issuer may thereafter appoint a replacement therefor. This Condition does not affect any other method of service allowed by Applicable Law.

18.5 Other Documents

The Issuer has, in the Agency Agreement, 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 agreed to the service of process in terms substantially similar to those set out above.

SCHEDULE F

DESCRIPTION OF THE TRANSACTION DOCUMENTS

Security Assignment

Pursuant to the Security Assignment, the Secured Obligations owing to the Secured Creditors (including the Security Agent and any Receiver) are secured by, *inter alia*:

(a) a security assignment over all the Issuer's rights, title, interest and benefit, present and future, in, to and under:

(i) each of the Offshore Bank Accounts,

(ii) the English Law Transaction Documents (other than the Security Assignment, the Programme Agreement, any Subscription Agreement and any deed expressed to be supplemental to the Security Assignment, the Programme Agreement and/or any Subscription Agreement), including, without limitation, any guarantee, credit support document or credit support annex entered into pursuant to the Hedging Agreements governed by the laws of England and Wales and any eligible credit support (as defined in the 1995 English Law Credit Support Annex, the 1994 New York Law Credit Support Deed or the 1995 English Law Credit Support Deed, each as defined by the International Swaps and Derivatives Association, Inc.) delivered or transferred to the Issuer thereunder, including, without limitation, all moneys received in respect thereof, all dividends paid or payable thereon, all property paid, distributed, accruing or offered at any time to or in respect of or in substitution thereof and the proceeds of sale, repayment and redemption thereof, and

(iii) all payments of any amounts that may become payable to the Issuer under the items described in clauses (i) and (ii), all payments received by the Issuer thereunder, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof,

which is held unto the Security Agent absolutely for the Security Agent itself and on trust, subject to the terms of the Security Assignment, for: (A) other than Excess Hedge Collateral and the Agency Account, the Secured Creditors to whom the Secured Obligations from time become due, owing or payable, (B) in the case of Excess Hedge Collateral, the relevant Hedging Counterparty as security for the Issuer's obligations to transfer or deliver such Excess Hedge Collateral pursuant to the terms of the relevant Hedging Agreement to the relevant Hedging Counterparty, and (C) in the case of the Agency Account, the Reserve Fund Secured Creditors, and

(b) a charge, by way of first fixed equitable charge to the Security Agent, over all the Issuer's rights, title, interest and benefit, present and future, in, to and under the Authorised Investments denominated in a currency other than Turkish Lira and which are Cover Pool Assets (and all moneys, income and proceeds to become payable thereunder or thereon and the benefits of all covenants relating thereto and all powers and remedies for enforcing the same), which are held unto the Security Agent absolutely for the Security Agent itself and on trust, subject to the terms of the Security Assignment, for the Secured Creditors to whom the Secured Obligations from time to time become due, owing or payable.

“*English Law Transaction Documents*” means the Security Assignment, the Security Agency Agreement, the Agency Agreement, the Offshore Bank Account Agreement, the Calculation Agency Agreement, the Hedging Agreements (to the extent governed by the laws of England and Wales), the Subscription Agreements (to the extent governed by the laws of England and Wales), the Programme Agreement and any additional document (governed by the laws of England and Wales) entered into in respect of a Series of Covered Bonds and/or the Cover Pool and designated as an English Law Transaction Document by the Issuer and the Security Agent.

The Security Agent has declared in the Security Assignment that it shall hold all such right, title, interest and benefit, present and future, in, to and under: (a) each of the Hedge Collateral Account(s) and the Non-TL Hedge Collection Account(s) for the benefit of and on trust for the Secured Creditors (other than in respect of the Excess

Hedge Collateral, which is held for the benefit of the relevant Hedging Counterparty) and (b) the Agency Account for the benefit of and on trust for the Reserve Fund Secured Creditors.

Notwithstanding the assignment in the Security Assignment, the Issuer shall be entitled to exercise its rights in respect of the English Law Transaction Documents, but subject to the provisions of the English Law Transaction Documents and certain provisions of the Security Assignment.

Notwithstanding the security created by the Security Assignment, but subject to the security enforcement provisions contained in the Security Assignment: (a) amounts may and shall be withdrawn from the Offshore Bank Accounts in the amounts contemplated in, and for application in accordance with, the Conditions, the Offshore Bank Account Agreement, the Calculation Agency Agreement and the relevant Hedging Agreement; (b) payments of the commissions, expenses and other amounts payable by the Issuer relating to or otherwise in connection with the issue of the Covered Bonds may be made by the Issuer out of the proceeds from the issue of the Covered Bonds; and (c) payments to be made under the Transaction Documents may be made by the Issuer and in accordance with the directions of the Issuer, subject as provided in the Offshore Bank Account Agreement and the Calculation Agency Agreement. Any amounts so withdrawn or paid shall be automatically released and discharged from the security interest created under the Security Assignment. Subject as provided above and for making Authorised Investments as permitted in the Security Assignment, no other payments may be made out of any of the Offshore Bank Accounts without the prior written approval of the Security Agent.

The Security Assignment Security will become enforceable upon the occurrence of an Event of Default and the serving of a Notice of Default on the Issuer. Upon such security becoming enforceable, the Security Agent will be entitled to appoint a Receiver and/or to enforce the security constituted by the Security Assignment, subject to being indemnified and/or secured and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages, expenses and liabilities that it may incur by so doing.

All moneys received by the Security Agent on the realisation or enforcement of the Security Assignment Security and other Non-Statutory Security (subject to the following paragraph) will be held and applied by the Security Agent in the following order of priority: (a) firstly, to pay, or procure the payment of, *pro rata* and *pari passu*, all amounts due to: (i) the Covered Bondholders in respect of all outstanding Covered Bonds, (ii) the Receiptholders and Couponholders in respect of all outstanding Receipts and Coupons and (iii) the Hedging Counterparties in respect of all outstanding Hedging Agreements; and (b) secondly, to the extent remaining after all payments made pursuant to sub-paragraph (a) have been satisfied (*it being understood* that the amounts used to make payments pursuant to sub-paragraph (a) shall be deemed first to have been made from funds other than Additional Cover), to use the Additional Cover (if any) or any other amounts permitted by the Covered Bonds Communiqué from time to time to meet the Secured Obligations of the Other Secured Creditors permitted by Article 29 of the Covered Bonds Communiqué; *provided* that if the Covered Bonds Communiqué is amended after the Programme Closing Date to permit Other Secured Creditors to have access to the Additional Cover on a priority or a *pari passu* basis with the Covered Bondholders and/or the Hedging Counterparties, then the Security Assignment (and, to the extent applicable, other Transaction Documents) will (at the request of the Security Agent) be amended to reflect the statutory order of priority prescribed by the Covered Bonds Communiqué in respect of Additional Cover from time to time.

Notwithstanding the foregoing paragraph: (a) funds from the Agency Account shall be applied in payment of, *pro rata* and *pari passu*, all amounts due and payable to the Reserve Fund Secured Creditors and (b) Excess Hedge Collateral shall be transferred or delivered by the Security Agent to the relevant Hedging Counterparty. The Agency Account does not form part of the Cover Pool. To the extent possible under Applicable Law, at any time after a Notice of Default has been served on the Issuer, the Security Agent may (with notice to the Issuer) sell or otherwise dispose of the Security Assignment Security or any part of it and (notwithstanding the above) shall be entitled to apply the proceeds of such sale or other disposal in paying the costs of such sale or disposal and only thereafter in or towards the discharge of the Secured Obligations or otherwise as provided for in the Security Assignment.

The Security Assignment is governed by the laws of England and Wales.

Security Agency Agreement

Pursuant to the terms of the Security Agency Agreement, the Issuer has appointed the Security Agent to act as the security agent and trustee of the Secured Creditors in connection with the Security Assignment, the other

Transaction Security Documents, the Offshore Bank Account Agreement, the Calculation Agency Agreement and the Security Agency Agreement.

The Issuer has agreed to pay to the Security Agent a fee for acting as Security Agent and to reimburse the Security Agent for certain charges and expenses incurred by the Security Agent in connection with the Transaction Documents to which it is a party.

Notwithstanding any provision of any Transaction Document to the contrary, the Security Agent is not required: (a) to undertake any act that may be illegal or contrary to any Applicable Law or fiduciary duty or duty of confidentiality to which the Security Agent is subject or (b) to perform its duties and obligations or exercise its rights and remedies, or expend or risk its own funds or incur a financial liability, under the Transaction Documents to which it is a party where amounts are due and payable to the Security Agent under such a Transaction Document and remain unpaid or the repayment of such funds or adequate indemnity against such risk or liability is not assured to the Security Agent.

In the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by any Transaction Document, the Security Agent may act by responsible officers or a responsible officer for the time being of the Security Agent.

In order for the Covered Bondholders to direct or instruct the Security Agent under the Security Agency Agreement, the Transaction Security Documents and/or the other Transaction Documents to which the Security Agent is a party, the Majority Instructing Creditor shall appoint a representative (which may be any person and need not be a Covered Bondholder) (such representative, the "*Covered Bondholder Representative*") on such terms as the Majority Instructing Creditor thinks fit, to act as the representative of the Covered Bondholders. The Security Agent shall have no duty to verify the authority of the Covered Bondholder Representative and shall be entitled (without enquiry) to rely on any instruction received from any person whom the Security Agent believes in good faith to be the Covered Bondholder Representative.

"*Majority Instructing Creditor*" means, at any time, the holders of at least a majority in Principal Amount Outstanding of the Covered Bonds then outstanding (with the Principal Amount Outstanding of Covered Bonds not denominated in Turkish Lira notionally converted into Turkish Lira using the Applicable Exchange Rate).

None of the Security Agent, any Receiver nor any delegate, agent, attorney or co-agent appointed by the Security Agent ("*Delegate*") will be liable for: (a) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Transaction Security Document or the Non-Statutory Security unless caused by its negligence, wilful misconduct or wilful default or that of its officers, directors or employees; (b) exercising or not exercising any right, power, authority or discretion given to it by, or in connection with, any Transaction Security Document, the Non-Statutory Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Security Document or the Non-Statutory Security unless caused by its negligence, wilful misconduct or wilful default or that of its officers, directors or employees; (c) any shortfall that arises on the enforcement or realisation of the Non-Statutory Security; (d) without prejudice to the generality of subparagraphs (a) to (c) above, any damages, costs, losses, diminution in value or liability whatsoever arising as a result of: (i) any *force majeure* event; or (ii) the general risks of investment in, or the holding of assets in, any jurisdiction; (e) any loss, cost, damage, expense or liability occasioned to the Non-Statutory Security, however caused, by the Administrator, whether or not acting in accordance with the Covered Bonds Communiqué, or any other person (including any bank, broker, depository, warehouseman or other intermediary or by any clearing system or the operator thereof), or otherwise, unless caused by the negligence, wilful misconduct or wilful default of the Security Agent, the Receiver or a Delegate (or their respective officers, directors or employees), respectively; (f) any decline in value or any loss realised upon any sale or other disposition of any Non-Statutory Security pursuant to any Transaction Document; or (g) any deficiency that might arise because the Security Agent, the Receiver or a Delegate is subject to tax (other than in respect of its net income) in respect of the Non-Statutory Security or any party thereof or any income thereon or any proceeds thereof.

"*Non-Statutory Security*" means: (a) any property, assets or undertakings (other than the Agency Account and the property, assets and undertakings included in the Cover Pool) charged, pledged or otherwise secured by the Issuer pursuant to the Transaction Security Documents for the benefit of the Secured Creditors, and (b) the Agency Account secured by the Issuer pursuant to the Security Assignment for the benefit of the Reserve Fund Secured Creditors.

For so long as any Covered Bonds remain outstanding, the Issuer has covenanted in the Security Agency Agreement in favour of, *inter alios*, the Security Agent (for itself and for the benefit of the other Secured Creditors), that it will at all times:

(a) maintain a Fiscal Agent, Paying Agent, Exchange Agent, Registrar and Transfer Agent with specified offices in accordance with the Conditions and at all times maintain any other agents required by the Conditions;

(b) give notice in writing to the Fiscal Agent and the Security Agent promptly upon becoming aware of the occurrence of an Issuer Event, Transferability and Convertibility Event or Event of Default and without waiting for the Fiscal Agent or the Security Agent to take any further action;

(c) administer and manage the Cover Pool in the manner described in Schedule 2 (*The Cover Pool*) of the Security Agency Agreement;

(d) maintain the Cover Register in accordance with the requirements of the Covered Bonds Communiqué and ensure that it is up-to-date at all times;

(e) ensure at all times that the Cover Pool Assets are identified in such manner as is required to benefit from Statutory Segregation;

(f) give to the Security Agent at all times such opinions, certificates, information and evidence as it shall reasonably require for the purpose of the discharge of the duties, powers, trusts, authorities and discretions vested in it under the Security Agency Agreement, the Transaction Security Documents, the Offshore Bank Account Agreement and the Calculation Agency Agreement or by operation of Applicable Law; *provided* always that the foregoing shall not oblige the Issuer to give any information non-disclosure of which is required by any Applicable Law;

(g) deliver to the Fiscal Agent for distribution to any Covered Bondholder upon such Covered Bondholder's written request to the Fiscal Agent:

(i) not later than six months after the end of each financial year of the Issuer, English language copies of the Issuer's audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied and BRSA accounting standards ("*BRSAAS*"), together with the corresponding financial statements for the preceding financial year, and all such annual financial statements of the Issuer shall be accompanied by the report of the auditors thereon; and

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

(h) so far as permitted by Applicable Law, at all times execute all such further documents and do all such further acts and things that are necessary at any time or times in the reasonable opinion of the Security Agent to give effect to the terms and conditions of the Security Agency Agreement, the Transaction Security Documents, the Offshore Bank Account Agreement and the Calculation Agency Agreement;

(i) send to the Fiscal Agent and the Security Agent a copy of each notice given to the Covered Bondholders of any one or more Series in accordance with Condition 14 (*Notices*);

(j) give prior notice to the Fiscal Agent and the Security Agent of any proposed redemption pursuant to Condition 6.2 (*Redemption for Tax Reasons*) or Condition 6.3 (*Redemption at the Option of the Issuer (Issuer Call)*) and, if it shall have given notice to the relevant Covered Bondholders in accordance with the Conditions of its intention, duly proceed to redeem any relevant Covered Bonds accordingly;

(k) in the event of the unconditional payment to a Paying Agent or the Security Agent (in any case) of any sum due in respect of principal, redemption amount, premium (if any) and/or interest on the Covered Bonds of any Series or any of them being made after the due date for payment thereof, promptly

give or procure the Fiscal Agent to give notice to the Covered Bondholders of such Series in accordance with Condition 14 (*Notices*) that such payment has been made;

(l) give or procure that there be given notice to the Covered Bondholders in accordance with the Conditions of any appointment (other than the initial appointment), resignation or removal of the Fiscal Agent, Exchange Agent, Registrar or any Transfer Agent or Paying Agent as shown on the Covered Bonds or so published in accordance with the Conditions as soon as practicable and in any event within 14 days after such event taking effect and within 30 days of notice received from the Fiscal Agent, Exchange Agent, Registrar or any Transfer Agent or Paying Agent of a change in its specified office, give notice to the Security Agent and the Covered Bondholders of such change;

(m) in order to enable the Fiscal Agent and/or the Security Agent to ascertain the Principal Amount Outstanding of Covered Bonds of each Series for the time being outstanding, deliver to the Fiscal Agent and/or the Security Agent promptly after being so requested in writing by the Fiscal Agent and/or the Security Agent, as applicable, a certificate in writing signed by an authorised signatory of the Issuer setting out the total numbers and Principal Amount Outstanding of the Covered Bonds of each Series that up to and including the date of such certificate have been purchased by or for the account of the Issuer, any holding company of the Issuer or any Subsidiary of the Issuer or such holding company, in each case held by them as beneficial owner, and the Principal Amount Outstanding of the Covered Bonds of each Series so purchased that have been cancelled;

(n) notify the Fiscal Agent and the Security Agent promptly upon becoming aware of any change in the ratings assigned by the Relevant Rating Agencies to the Covered Bonds or any Series of Covered Bonds;

(o) maintain its principal office in Turkey and that it will maintain at all times its Turkish banking licence issued to it by the BRSA in accordance with the Banking Law;

(p) maintain all necessary authorisations to be an issuer of mortgage covered bonds (within the meaning of the Covered Bonds Communiqué);

(q) permit any of the Security Agent, the Cover Monitor and, with the Issuer's prior approval (such approval not to be unreasonably withheld or delayed), any auditor or professional adviser of the Security Agent or the Cover Monitor at any time during normal business hours upon reasonable notice to have access to all books of record, account and other relevant records in the Issuer's possession relating to the administration of the Cover Pool Assets and related matters (in each case other than during an Issuer Event or an Event of Default, at such person's sole expense; *provided* that the Issuer shall not, except to the extent that it has separately agreed otherwise with such person, be responsible to reimburse such person for such expenses); and *provided further* that such access to such books of record, accounts and other relevant records shall always comply with the Applicable Law of Turkey, including, but not limited to, the Turkish Covered Bonds Law and the confidentiality terms of the banking legislation of Turkey;

(r) give, within seven İstanbul Business Days after demand by the Security Agent or the Cover Monitor, any information required to comply with the terms of the Turkish Covered Bonds Law;

(s) so far as permitted by Applicable Law, from time to time upon request from a Relevant Rating Agency, provide such further information as such Relevant Rating Agency reasonably requests for purposes of its rating on the Covered Bonds or a Series thereof;

(t) observe and comply with its obligations under the Turkish Covered Bonds Law;

(u) observe and comply with its obligations under the Transaction Documents (to the extent not otherwise provided for above);

(v) from the First Issue Date and on each London Business Day thereafter, maintain the Reserve Fund in an amount at least equal to the Reserve Fund Required Amount; *provided* that the Issuer shall not be considered to be in breach of its obligations under this clause if, during the continuance of a Transferability and Convertibility Event, it is impossible for the Issuer to deposit moneys to the Reserve Fund as a result of such Transferability and Convertibility Event;

(w) maintain records in relation to the Designated Account(s) in accordance with the Transaction Documents;

(x) maintain the Cover Pool in accordance with the requirements for Cover Pool Assets and Hedging Agreements set out in the Covered Bonds Communiqué;

(y) perform such checks and reviews as are required on each Statutory Test Date and Issue Date to ensure that each Cover Pool Asset included in the Statutory Test calculations is in compliance with the Individual Asset Eligibility Criteria and the Covered Bonds Communiqué. Notwithstanding anything in the Transaction Documents to the contrary, the parties to the Security Agency Agreement have acknowledged and agreed that such checks and reviews will utilise the data as of each applicable date (*e.g.*, as of the date of a change in the Cover Pool) but might be checked and reviewed when such information becomes available after such date;

(z) comply with the Statutory Tests (*i.e.*, as of the date of this Base Prospectus, the Nominal Value Test, the Cash Flow Matching Test, the Net Present Value Test and the Stress Test). The Statutory Tests (both their nature and their method of calculation) may vary from time to time to the extent that the Covered Bonds Communiqué is amended; *provided* that all Series of Covered Bonds are subject to the Statutory Tests as in force at the time of their issuance unless expressly provided otherwise by the Turkish Covered Bonds Law. The method of calculating the Statutory Tests shall (within the requirements of the Covered Bonds Communiqué) be determined by the Issuer, acting reasonably (and subject to any guidance, pronouncement, rule, official directive or guideline (whether or not having the force of law) issued by the CMB to the Issuer specifically or to covered bond issuers generally in relation to the method of calculating the Statutory Tests). For the avoidance of doubt, with respect to any Covered Bonds with a floating interest rate, the Issuer may, at any time, perform such calculations utilising the interest rate in effect at such time;

(aa) in addition to the Statutory Tests, ensure that the Nominal Value of the Cover Pool is not less than the product of: (i) the Turkish Lira Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds outstanding and (ii) the sum of one plus the decimal equivalent of the highest then-existing Required Overcollateralisation Percentage among all then-outstanding Series. The then-existing Required Overcollateralisation Percentage for each Series shall be specified in each Investor Report;

(bb) if, on a Statutory Test Date, there is a Potential Breach of Statutory Test, cure any breach(es) of the relevant Statutory Test(s) within one month of such Statutory Test Date;

(cc) if, in its own monitoring of the Statutory Tests, the Issuer identifies a Potential Breach of Statutory Test, promptly notify the Fiscal Agent, the Security Agent and the Cover Monitor of such breach and cure such breach within one month of the Issuer's detection of such breach;

(dd) in accordance with Article 20(1) of the Covered Bonds Communiqué, test whether the Cover Pool complies with the Statutory Tests at every change to the Cover Register and, in any case, at least once per calendar month as long as any Series of Covered Bonds is outstanding and, as applicable, in the case of the issuance of a new Series of Covered Bonds; by the 10th İstanbul Business Day after the end of each calendar month, the Issuer shall submit a report relating to the last test made during the preceding calendar month to the Cover Monitor;

(ee) maintain the Cover Pool for the benefit of all Covered Bondholders in compliance with the Statutory Tests;

(ff) to the extent that any mortgage loan included in the Cover Pool is not in compliance with the Individual Asset Eligibility Criteria, make such substitutions in the Cover Pool as are necessary to ensure compliance with the Individual Asset Eligibility Criteria; *provided* that no such substitution shall be required if the Statutory Tests are otherwise satisfied and the Issuer is otherwise complying with its obligations under the Covered Bonds Communiqué;

(gg) establish and maintain the Cover Register in accordance with the Turkish Covered Bonds Law;

(hh) create Statutory Segregation over each Cover Pool Asset and segregate the Cover Pool for the satisfaction of the rights of the Covered Bondholders, the Hedging Counterparties and (subject to the provisions of Article 29 of the Covered Bonds Communiqué) the Other Secured Creditors;

For the avoidance of doubt: (i) a mortgage loan or derivative contract intended to become a Cover Pool Asset is required to meet the asset requirements set out in Article 10 (in the case of mortgage loans)

and Article 11 (in the case of derivative contracts) of the Covered Bonds Communiqué at the time of inclusion in the Cover Register. In the event that a Cover Pool Asset thereafter ceases to meet the asset requirements of the Covered Bonds Communiqué (or failed to have satisfied such requirements at the time of its inclusion in the Cover Register), the Issuer is obliged under Article 13(5) of the Covered Bonds Communiqué to replace such asset with Cover Pool Assets that do satisfy the requirements of Articles 10 and 11 (as applicable) of the Covered Bonds Communiqué unless the Statutory Tests are otherwise satisfied and the Issuer is otherwise complying with its obligations under the Covered Bonds Communiqué (in which case, the Issuer is not obliged to remove any such ineligible Cover Pool Asset); and (ii) the Cover Pool shall include all assets included in the Cover Register from time to time notwithstanding that such assets may have ceased to satisfy the statutory requirements for covered assets specified in the Covered Bonds Communiqué or the Individual Asset Eligibility Criteria.

All Mortgage Rights relating to the Mortgage Assets are themselves included in the Cover Pool as part of the receivables of such Mortgage Assets; *however*, if it is subsequently judicially determined that all or part of the Mortgage Rights of the type referred to in sub-paragraphs (b) and (c) of the definition of Mortgage Rights (*i.e.*, the Ancillary Rights) do not constitute receivables of Mortgage Assets for the purposes of Article 9 of the Covered Bonds Communiqué, then such Ancillary Rights shall not be Cover Pool Assets and thus not benefit from Statutory Segregation.

(hh) apply the relevant proceeds of Ancillary Rights in satisfaction of any indebtedness owed by the Issuer under the Transaction Documents to the Secured Creditors as an unsecured contractual obligation only (for the avoidance of doubt, such Ancillary Rights shall not be Cover Pool Assets and thus not benefit from Statutory Segregation);

(ii) at any time after the service of a Notice of Default (which has not been revoked (such revocation to be provided in the same manner as the service of a Notice of Default)), as an unsecured contractual obligation only, transfer (within two İstanbul Business Days of receipt or, if such second İstanbul Business Day is not a business day for the Security Agent, by the next day that is both an İstanbul Business Day and a business day for the Security Agent) all Related Payments to the Security Agent for the benefit of the Secured Creditors to be applied in satisfaction of the Secured Obligations; *it being understood* that (as such do not constitute receivables of the Mortgage Assets for the purposes of the Covered Bonds Communiqué and therefore do not benefit from Statutory Segregation) any such Related Payments shall not be deposited into the Collection Account or the Designated Accounts and shall otherwise remain segregated from the Cover Pool Assets;

(jj) at any time after the service of a Notice of Default (which has not been revoked (such revocation to be provided in the same manner as the service of a Notice of Default)), transfer (within two İstanbul Business Days of receipt or, if such second İstanbul Business Day is not a business day for the Offshore Account Bank, by the next day that is both an İstanbul Business Day and a business day for the Offshore Account Bank) all payments made to the Issuer on Cover Pool Assets (other than Hedging Agreements) in currencies other than Turkish Lira to the applicable Non-TL Designated Account(s);

(kk) in respect of Substitute Assets, comply with the Substitute Asset Limit and the requirements of the Covered Bonds Communiqué relating to Mandatory Excess Cover Pool Assets;

(ll) act in a manner consistent with that of a Prudent Lender and Servicer of Mortgage Assets in respect of the Mortgage Assets; *provided* that:

(i) during the continuance of an Issuer Event, the Issuer may not make any Mortgage Asset Modification(s) other than in accordance with its then prevailing servicing and collection procedures in respect of mortgage assets that are not part of the Cover Pool; and

(ii) the Issuer shall service the Mortgage Assets with no less care than the Issuer exercises or would exercise in connection with the servicing of mortgage assets held for its own account as if such Mortgage Assets were not part of the Cover Pool;

(mm) only make changes to the Cover Pool as set out below: The Issuer shall be entitled (and, in the circumstances set out in Article 13(5) of the Covered Bonds Communiqué, shall be obliged) to add, remove or substitute Cover Pool Assets, subject to making appropriate Security Update Registration(s), to:

(i) allocate to the Cover Pool additional assets at any time, including for the purposes of

issuing further Series of Covered Bonds, complying with the Statutory Tests and/or the Required Overcollateralisation Percentage of any Series, maintaining the rating(s) assigned to any Series of the Covered Bonds and/or maintaining or increasing the creditworthiness of the Cover Pool; *provided* that such new assets meet the requirements of the Covered Bonds Communiqué, comply with the Individual Asset Eligibility Criteria and do not cause the Substitute Assets in the Cover Pool to exceed the Substitute Asset Limit; and

(ii) remove (including to substitute) one or more Cover Pool Assets (including any Cover Pool Assets that cease to comply or did not comply at the time of their registration in the Cover Register with the requirements of the Covered Bonds Communiqué and/or the Individual Asset Eligibility Criteria) at any time in accordance with the Covered Bonds Communiqué and to the extent not prohibited by the Transaction Documents; *provided* that, in addition to the requirements of the Covered Bonds Communiqué: (A) any assets added to the Cover Pool by way of substitution must comply with the Individual Asset Eligibility Criteria; (B) any assets added to the Cover Pool by way of substitution or any removal of assets from the Cover Pool does not cause the Substitute Assets in the Cover Pool to exceed the Substitute Asset Limit; (C) neither any Potential Breach of Statutory Test nor any Issuer Event of the type described in sub-paragraphs (a) through (f) of the definition thereof would occur as a result of such removal or Cover Pool Asset Substitution; and (D) any collections in respect of any such removed Cover Pool Assets will no longer be transferred to the Collection Account. The Issuer is obliged to substitute any Cover Pool Assets that cease to comply with the requirements of the Covered Bonds Communiqué or the Individual Asset Eligibility Criteria unless the Statutory Tests are otherwise satisfied and the Issuer is otherwise complying with its obligations under the Covered Bonds Communiqué (in which case, the Issuer may either keep such ineligible Cover Pool Asset within the Cover Pool or remove such ineligible Cover Pool Asset without new eligible assets being registered in the Cover Pool). By the 10th İstanbul Business Day after the end of each calendar month, the Issuer shall submit a report relating to the last test made during the preceding calendar month to the Cover Monitor.

It is agreed that: (A) upon the occurrence of any Potential Breach of Statutory Test or an Issuer Event that is continuing, no Cover Pool Assets can be removed or substituted from the Cover Pool unless such removal or substitution is required pursuant to the provisions of the Covered Bonds Communiqué; and (B) upon the occurrence of an Event of Default that is continuing, no Cover Pool Assets can be removed or substituted from the Cover Pool unless: (1) such removal or substitution is required pursuant to the provisions of the Covered Bonds Communiqué; or (2) such substitution or removal is made by the Administrator in accordance with the provisions of the Covered Bonds Communiqué or by the Security Agent in accordance with the Transaction Documents; and

(nn) for so long as any Covered Bonds are outstanding that are listed on any regulated market of a Member State or offered to the public in a Member State, in each case, in circumstances that require the publication of a prospectus under the Prospectus Directive (or analogous requirement in any jurisdiction outside Turkey in which the Covered Bonds are issued or listed on a relevant Stock Exchange), on or before the Investor Report Date after each Collection Period, the Issuer will publish on its website an Investor Report for such Collection Period. Such report will be available to prospective investors in the Covered Bonds and to Covered Bondholders on Bloomberg and on the Issuer's website www.garantiinvestorrelations.com.

Pursuant to the terms of the Security Agency Agreement, the Issuer has covenanted to maintain the Collection Account and the TL Designated Account.

The Issuer will deposit or credit within one İstanbul Business Day of receipt all collections of interest and principal and any other amounts it receives on the Cover Pool Assets denominated in Turkish Lira (including all moneys received from Authorised Investments denominated in Turkish Lira, if any, and payments under Hedging Agreements) included in the Cover Pool Assets into the Collection Account; *provided* that such need not apply with respect to any such amounts that the Issuer collects on behalf of a governmental authority or other third party (*e.g.*, taxes) or for house-related payments due by the applicable Borrower to third parties for which the Issuer is acting as a collection agent (*e.g.*, home insurance). The Issuer will not commingle any of its other funds and general assets (including any Related Payments) with amounts standing to the credit of the Collection Account.

With respect to any Turkish Lira payments received by the Issuer under Hedging Agreements, such amounts deposited into the Collection Account or the TL Designated Account (and any proceeds of Authorised Investments made with such funds) shall be maintained in a sub-account of such account so as to distinguish them from the other amounts in the Collection Account or TL Designated Account, as applicable; *however*, all such amounts shall, for all other purposes of the Transaction Documents, otherwise be treated as part of the Collection Account or TL Designated Account, as applicable.

For purposes of calculating compliance with the Statutory Tests: (a) cash amounts standing to the credit of the Collection Account and investments made with such amounts shall not constitute part of the Cover Pool and (b) the TL Designated Account (and investments made with such amounts) shall constitute part of the Cover Pool.

All amounts deposited in, and standing to the credit of, the Collection Account and the TL Designated Account shall constitute segregated property distinct from all other property of the Issuer pursuant to Article 13 of the Covered Bonds Communiqué.

Unless an Issuer Event of the type described in sub-paragraphs (a) through (f) of the definition thereof or an Event of Default is then continuing, the Issuer will be entitled to withdraw any amounts from time to time standing to the credit of the Collection Account, if any, to the extent that (if such amounts were transferred to the TL Designated Account) would result in there being funds that are in excess of any cash amounts required to satisfy the Statutory Tests (for the avoidance of doubt, the Issuer shall not withdraw any amount from such accounts if a Potential Breach of Statutory Test is continuing on the applicable withdrawal date).

Unless an Issuer Event of the type described in sub-paragraphs (a) through (f) of the definition thereof or an Event of Default is then continuing, the Issuer will be entitled to withdraw amounts from time to time standing to the credit of the relevant Designated Account(s), if any, that are in excess of any cash amounts required to satisfy the Statutory Tests; *provided* that the Issuer shall not be entitled to withdraw amounts from the Non-TL Designated Account(s) during the continuance of a Transferability and Convertibility Event other than in accordance with the provisions of the Calculation Agency Agreement and the Offshore Bank Account Agreement to pay Secured Creditors (for the avoidance of doubt, the Issuer shall not withdraw any amount from such accounts if a Potential Breach of Statutory Test is continuing on the applicable withdrawal date).

After the occurrence of a Potential Breach of Statutory Test, an Event of Default or an Issuer Event, the Issuer shall procure that within two Istanbul Business Days of its detection thereof (and on each Istanbul Business Day thereafter for so long as such Potential Breach of Statutory Test, Event of Default or Issuer Event is continuing), all amounts on deposit in the Collection Account are transferred by the Issuer to the TL Designated Account (and the Issuer may also cause any or all of such amounts to be paid directly into the TL Designated Account). Other than Turkish Lira that is identified to act as Substitute Assets, the Issuer will not commingle any of its other funds and general assets with amounts standing to the credit of the TL Designated Account.

The Non-TL Hedge Collection Account(s) and the Hedge Collateral Account(s) are described in “*Offshore Bank Account Agreement*” below.

“*London Business Day*” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

The Security Agency Agreement is governed by the laws of England and Wales.

Offshore Bank Account Agreement

Pursuant to the terms of the Offshore Bank Account Agreement among the Issuer, the Offshore Account Bank, the Security Agent and the Calculation Agent, the Issuer has appointed the Offshore Account Bank to perform certain duties (and the Offshore Account Bank accepted such appointment), including:

- (a) acting on the instructions of the Issuer, the Security Agent and/or the Administrator, as applicable, or information provided by the Calculation Agent;
- (b) making payments from the Offshore Bank Accounts as instructed by the Issuer (or, if an Administrator has been appointed, the Administrator) and/or the Security Agent, as applicable; and
- (c) providing the Issuer (or, if an Administrator has been appointed, the Administrator), the Security Agent and/or the Calculation Agent with details of the amounts standing to the credit of the

Offshore Bank Accounts from time to time that the Issuer (or, if an Administrator has been appointed, the Administrator), the Security Agent and/or the Calculation Agent may request, including in order for them to make the calculations required in performing their respective obligations (including making calculations required under Hedging Agreements, including for the related payments) and exercising their respective rights under the Transaction Documents.

As of the Programme Closing Date, the following accounts have been opened at the Offshore Account Bank:

(a) the euro Non-TL Designated Account in the name of the Issuer (as to which see Clause 5 (*Non-TL Designated Account(s)*) of the Offshore Bank Account Agreement) (which account is a Non-TL Designated Account);

(b) the U.S. Dollar Non-TL Designated Account in the name of the Issuer (as to which see Clause 5 (*Non-TL Designated Account(s)*) of the Offshore Bank Account Agreement) (which account is a Non-TL Designated Account); and

(c) the Agency Account (as to which see Clause 9 (*Agency Account*) of the Offshore Bank Account Agreement) in the name of the Security Agent (which account is not a Non-TL Designated Account).

Non-TL Designated Accounts

With respect to amounts received on Substitute Assets in currencies other than Turkish Lira, a separate Non-TL Designated Account will be established in the name of the Issuer pursuant to the Offshore Account Bank Agreement for each applicable currency. Save as provided in the Offshore Bank Account Agreement, no amount other than those deriving from Substitute Assets shall be paid into the Non-TL Designated Account(s). Notwithstanding the above, the amounts received on Substitute Assets may be payable directly to the Issuer (including within Turkey and/or through a clearing system such as Euroclear or Clearstream); *provided* that the Issuer shall transfer (within two İstanbul Business Days of receipt or, if such second İstanbul Business Day is not a business day for the Offshore Account Bank, by the next day that is both an İstanbul Business Day and a business day for the Offshore Account Bank) all such amounts to the applicable Non-TL Designated Account(s).

Other than to make Authorised Investments, no amounts shall be withdrawn from the Non-TL Designated Accounts (by the Issuer or otherwise) other than for the purposes of making payment to a Secured Creditor in accordance with the process of Clause 5.3 (*Instructions from the Issuer and/or the Administrator*) of the Offshore Bank Account Agreement unless the Security Agent provides its prior written consent. Such consent shall be provided by the Security Agent (without further enquiry) following its receipt of certification by the Issuer that: (a) no Reconciliation Event has occurred and is continuing; (b) no Event of Default has occurred and is continuing; and (c) immediately following such withdrawal, the Statutory Tests and the Required Overcollateralisation Percentage will continue to be satisfied.

“*Reconciliation Event*” means the occurrence of an Issuer Event described in sub-paragraphs (a) through (f) of the definition thereof or the occurrence of a Transferability and Convertibility Event, in each case that is continuing.

Subject to Clauses 2.3 (*No Negative Balance*) and 13.3 (*Consequences of Security Agent Notice*) of the Offshore Bank Account Agreement, the Offshore Account Bank shall comply with any direction of the Issuer (or, if an Administrator has been appointed, the Administrator) given on any London Business Day to effect a payment to a Secured Creditor by debiting any one of Non-TL Designated Account(s): (a) if such direction: (i) is in writing in a manner required by the Offshore Bank Account Agreement, and (ii) complies with the mandates delivered by the Issuer or the Security Agent to the Offshore Account Bank (such direction shall constitute a payment instruction) and (b) unless the Offshore Account Bank has been notified by the Calculation Agent of the occurrence of a Reconciliation Reporting Event (if a Reconciliation Event has occurred and is then continuing). The Calculation Agent shall promptly notify the Issuer, the Offshore Account Bank and the Security Agent of the occurrence of a Reconciliation Reporting Event.

Amounts to be credited into the Non-TL Designated Account(s) include: (a) any amounts received by the Issuer in respect of the Substitute Assets and Authorised Investments that (in each case) are Cover Pool Assets, are not denominated in Turkish Lira and do not relate to the Agency Account; (b) other than funds transferred as described in clause (a), any amounts credited into the applicable Non-TL Designated Account(s) by the Issuer from

its own funds, including Authorised Investments that are Substitute Assets or for effecting payments to Secured Creditors of Secured Obligations that are not denominated in Turkish Lira; (c) any amounts transferred by the Issuer or the Administrator, as applicable, in connection with the sale of Cover Pool Assets that are not denominated in Turkish Lira; and (d) any amounts transferred from the Non-TL Hedge Collection Account(s) at the request of the Issuer in the circumstances specified in the Offshore Bank Account Agreement.

Subject to the Substitute Asset Limit, cash amounts standing to the credit of the Non-TL Designated Account(s) (and Authorised Investments made with such amounts) shall constitute part of the Cover Pool for the purposes of the Statutory Tests (for the purpose of clarification, the amounts described in sub-paragraph (c) of the previous paragraph derived from Mortgage Assets are not subject to the Substitute Asset Limit as they are collections on such Mortgage Assets). All amounts deposited in, and standing to the credit of, the Non-TL Designated Account(s) shall constitute segregated property distinct from all other property of the Issuer pursuant to Article 13 of the Covered Bonds Communiqué.

Hedge Collateral Accounts

With respect to credit support provided by Hedging Counterparties to the Issuer pursuant to the Hedging Agreements, a separate Hedge Collateral Account will be established and maintained pursuant to the Offshore Bank Account Agreement for each applicable currency (other than Turkish Lira) and for each applicable Hedging Counterparty in respect of each relevant Hedging Agreement. The Hedge Collateral Accounts will be held with the Offshore Account Bank in the name of the Security Agent for the benefit of and on trust for the Secured Creditors (to the extent such Hedge Collateral does not constitute Excess Hedge Collateral) and for the benefit of and on trust for the relevant Hedging Counterparty (to the extent such Hedge Collateral constitutes Excess Hedge Collateral). Hedge Collateral provided to the Issuer by a Hedging Counterparty under a Hedging Agreement shall be credited to the relevant Hedge Collateral Account.

Payments, deliveries and/or transfers of Hedge Collateral to the relevant Hedge Collateral Account shall be made in accordance with the provisions of the relevant Hedging Agreement. For the avoidance of doubt, Hedge Collateral will be deposited in a Hedge Collateral Account regardless of whether a Reconciliation Event or an Event of Default has occurred.

Subject to Clauses 6.4 and 6.5 of the Offshore Bank Account Agreement, payments, deliveries and/or transfers of Hedge Collateral from the relevant Hedge Collateral Account shall be made solely for the purpose of making payments (by the applicable Hedge Counterparty) or deliveries (by the Issuer) in respect of: (a) any Settlement Amount (as defined in the ISDA Master Agreement), any Close-out Amount (as defined in the ISDA Master Agreement) or any analogous payment; (b) any Return Amount (as defined in the 1995 English Law Credit Support Annex, the 1994 New York Law Credit Support Annex or the 1995 English Law Credit Support Deed, each as published by the International Swaps and Derivatives Association, Inc.); (c) any Interest Amount (as defined in the 1995 English Law Credit Support Annex, the 1994 New York Law Credit Support Annex or the 1995 English Law Credit Support Deed, each as published by the International Swaps and Derivatives Association, Inc.); (d) any substitution of Hedge Collateral permitted by the applicable Hedging Agreement; (e) any amounts in respect of default interest; or (f) any amounts analogous to any of the above, in each case: (i) other than in respect of any amounts referred to in sub-clause 6.3(a) of the Offshore Bank Account Agreement, to be delivered to the relevant Hedging Counterparty under a collateral agreement entered into under or in connection with the relevant Hedging Agreement (including but without limitation the 1995 English Law Credit Support Annex, the 1994 New York Law Credit Support Annex or the 1995 English Law Credit Support Deed, each as published by the International Swaps and Derivatives Association, Inc.) or any analogous agreement; and (ii) in the case of amounts referred to in sub-clause 6.3(a) of the Offshore Bank Account Agreement, due to the Issuer or deliverable to the relevant Hedging Counterparty following the termination (in whole or in part, as applicable) of the relevant Hedging Agreement, as applicable. If a Reconciliation Event has occurred and is then continuing, any amount due to the Issuer under sub-clause 6.3(a) of the Offshore Bank Account Agreement shall be transferred from the relevant Hedge Collateral Account to the relevant Non-TL Hedge Collection Account.

The Security Agent shall, within one London Business Day following receipt of the relevant approved form (or, if later, on the value date indicated in such approved form), make such payments, deliveries and/or transfers (or direct or instruct the payment, delivery and/or transfer, as applicable) of Hedge Collateral to the relevant Hedging Counterparty unless notified by the Calculation Agent of the occurrence of a Reconciliation Reporting Event (if a Reconciliation Event has occurred and is then continuing) as to the relevant payment, delivery and/or transfer, as applicable.

“*Reconciliation Reporting Event*” means: (a) the detection by the Calculation Agent of a manifest error in a Reconciliation; (b) the relevant payment, delivery or transfer, as applicable, cannot be reconciled by the Calculation Agent against the approved form; (c) the relevant payee is not a Secured Creditor; and/or (d) the Calculation Agent is otherwise unable to validate the relevant payment, transfer or delivery, as applicable (including, without limitation, due to the absence of an approved form).

“*Reconciliation*” means that the Calculation Agent shall compare the requested payment against an approved form required by the Calculation Agency Agreement and: (a) confirm that the relevant payee is a Secured Creditor; (b) calculate (or check the computation) of the relevant payment transfer or delivery, as applicable, to be made; and (c) in the case of payments under each Hedging Agreement and the transfer or delivery of Hedge Collateral, as applicable, check that the account details and specified payee or transferee for the requested payment, transfer or delivery, as applicable are correct.

Where a Hedging Counterparty provides Hedge Collateral (other than in Turkish Lira) to the Issuer in accordance with the terms of a Hedging Agreement, such collateral will be credited to the relevant Hedge Collateral Account. Any Hedge Collateral applied in satisfying any termination payments payable by the relevant Hedging Counterparty to the Issuer in respect of the relevant Hedging Agreement: (a) if not in Turkish Lira, will be transferred to the Non-TL Hedge Collection Account of the corresponding currency, and (b) if in Turkish Lira, will be transferred to the Collection Account or the TL Designated Account, as applicable. Excess Hedge Collateral (including any standing to the credit of the Hedge Collateral Account(s)) shall not be available to Secured Creditors (other than to the relevant Hedging Counterparty) and (if in a Hedge Collateral Account) shall be returned to the relevant Hedging Counterparty upon a request from the Issuer.

“*Secured Obligations*” means any and all moneys, all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity) and all other amounts due, owing, payable or owed by the Issuer to the Secured Creditors under the Covered Bonds and/or the other Transaction Documents and secured by the Transaction Security, and references to Secured Obligations includes references to any of them.

Each of the Offshore Account Bank, the Issuer, the Calculation Agent and the Security Agent has acknowledged and agreed that the Hedge Collateral Account(s) are accounts of the Security Agent over which a trust has been declared by the Security Agent for the benefit of the Secured Creditors (in respect of Excess Hedge Collateral, being held for the benefit of the relevant Hedging Counterparty only).

Non-TL Hedge Collection Accounts

With respect to payments by a Hedging Counterparty on the Hedging Agreements in currencies other than Turkish Lira (including amounts transferred thereto pursuant to Clause 6.6 of the Offshore Bank Account Agreement), a separate Non-TL Hedge Collection Account will be established and maintained for each applicable currency with the Offshore Account Bank pursuant to the Offshore Bank Account Agreement, each of which accounts are to be in the name of the Security Agent for the benefit of and on trust for the Secured Creditors (for the purpose of clarification, a transfer or delivery by a Hedging Counterparty of Hedge Collateral is not a payment on a Hedging Agreement). All such payments shall be paid into the relevant Non-TL Hedge Collection Account. For the avoidance of doubt, any amounts that are not denominated in Turkish Lira that are paid to the Issuer or the Security Agent, as applicable, by the Hedging Counterparties under the Hedging Agreements (including all scheduled payments, principal exchange amounts, termination payments, final payments on cross-currency swaps or other unscheduled sums due and payable by each Hedging Counterparty under any Hedging Agreement, but excluding Hedge Collateral) shall be paid into a Non-TL Hedge Collection Account regardless of whether a Reconciliation Event or an Event of Default has occurred.

Amounts may be withdrawn by the Security Agent from the Non-TL Hedge Collection Account(s) solely for the purposes of paying amounts due or otherwise scheduled to be paid by the Issuer on the Covered Bonds and Hedging Agreements (*i.e.*, the due and payable Total Liabilities), unless the Issuer has otherwise delivered to the Agents the necessary amounts to make all such payments that are then due and payable, in which case the funds in the Non-TL Hedge Collection Account(s) shall be transferred, at the request of the Issuer, to the relevant Non-TL Designated Account(s).

In respect of Hedging Agreements, the Security Agent, within one London Business Day following receipt of the relevant approved form (or, if later, on the value date indicated in such approved form), shall pay (or direct or instruct the payment of, as applicable) non-Turkish Lira payments due or otherwise scheduled to be paid by the

Issuer thereunder unless notified by the Calculation Agent of the occurrence of a Reconciliation Reporting Event (if a Reconciliation Event has occurred and is then continuing) as to the relevant payment.

Each of the Offshore Account Bank, the Issuer, the Calculation Agent and the Security Agent has acknowledged and agreed that the Non-TL Hedge Collection Account(s) are accounts of the Security Agent over which a trust has been declared by the Security Agent for the benefit of the Secured Creditors.

All amounts deposited in, and standing to the credit of, the Non-TL Hedge Collection Account(s) shall constitute segregated property distinct from all other property of the Issuer pursuant to Article 13 of the Covered Bonds Communiqué.

All: (a) amounts payable in Turkish Lira by a Hedge Counterparty under a Hedging Agreement will be credited to the Collection Account or the TL Designated Account, as applicable, and (b) Hedge Collateral provided in Turkish Lira by a Hedge Counterparty under a Hedging Agreement will be managed in the manner agreed in such Hedging Agreement.

Agency Account

The Issuer has established a reserve fund maintained in an U.S. Dollar-denominated account (the “*Agency Account*”) maintained at the Offshore Account Bank for the benefit of the Reserve Fund Secured Creditors (the “*Reserve Fund*”). From the First Issue Date and on each London Business Day thereafter whilst any Covered Bonds are outstanding, the Reserve Fund will be fully funded by the Issuer at all times in an amount at least equal to the greater (the “*Greater Amount*”) of: (a) two years’ estimated Programme and Series fees of the Agents, any Covered Bond Calculation Agent, the Calculation Agent, the Security Agent and the Offshore Account Bank (the “*Reserve Fund Secured Creditors*”) that are not payable in Turkish Lira (as reasonably determined by the Issuer) from each such London Business Day (for the avoidance of doubt, such fees do not include any fees (including any Series-related fees) that are payable before or at the time of any issuance of Covered Bonds) and (b) such other amount as may be agreed from time to time between the Issuer and any of the Reserve Fund Secured Creditors (such greater amount, the “*Reserve Fund Required Amount*”); *provided* that the Issuer shall not be considered to be in breach of its obligations under this clause if, during the continuance of a Transferability and Convertibility Event, it is impossible for the Issuer to deposit moneys to the Reserve Fund as a result of such Transferability and Convertibility Event. If the balance in the Reserve Fund at any time exceeds the Greater Amount, then the excess amount in the Reserve Fund shall be transferred to the Issuer promptly after its request to the Offshore Account Bank.

Fees included in the calculation of the Reserve Fund Required Amount and not denominated in U.S. Dollars shall be notionally converted into U.S. Dollars using the Applicable Exchange Rate at the relevant date of calculation. The Reserve Fund may (without the consent of any other person) be debited by the Security Agent to meet the outstanding fees and reimbursable costs and expenses of (and all other amounts due and payable under and in respect of the Transaction Documents) to the Reserve Fund Secured Creditors upon the occurrence and during the continuance of a Reconciliation Event or an Event of Default, in each case where the Issuer has otherwise failed to pay such amounts.

In lieu of funds held in the Agency Account, the Issuer may also provide Authorised Investments (or instruct the Security Agent to use funds in the Agency Account for the purchase of Authorised Investments); *however*, the parties to the Offshore Bank Account Agreement have agreed that separate custody arrangements in accordance with the Security Agent’s standard custody terms as well as security and instruction arrangements to the satisfaction of the Security Agent will need to be put in place to hold such securities. For purpose of calculating whether the Agency Account holds the Reserve Fund Required Amount, any such securities shall be valued at the lower of: (a) the outstanding principal amount and (b) if applicable, market value as of close of business in the applicable market on the last applicable business day of the most recent calendar month. Upon the occurrence of a Reconciliation Event or Event of Default, such Authorised Investments shall be liquidated by the Issuer (or the Security Agent on its behalf) and the proceeds thereof credited to the Agency Account.

Rights in, and cash amounts standing to the credit of, the Agency Account (and Authorised Investments with respect thereto) do not constitute part of the Cover Pool for the purposes of the Statutory Tests or otherwise.

Each of the Offshore Account Bank, the Issuer, the Calculation Agent and the Security Agent has acknowledged and agreed that the Agency Account is an account of the Security Agent over which a trust has been declared by the Security Agent for the benefit of the Reserve Fund Secured Creditors.

Following the redemption in full of all Covered Bonds under the Programme and the satisfaction in full of the outstanding fees and reimbursable costs and expenses of (and all other amounts due and payable under and in respect of the Transaction Documents to) the Reserve Fund Secured Creditors, any remaining balance in the Reserve Fund shall be transferred to the Issuer promptly after its request to the Offshore Account Bank.

In the event that an Offshore Account Bank Event occurs, the Issuer and the Security Agent will use their respective commercially reasonable endeavours to procure that the Offshore Bank Accounts are transferred to another financial institution that has the Offshore Account Bank Required Rating pursuant to an agreement with such institution in substantially the form of the Offshore Bank Account Agreement within a period not exceeding 30 calendar days from the date on which such Offshore Account Bank Event occurs, and the Offshore Account Bank will, at the request and cost of the Issuer, use its commercially reasonable endeavours to assist with the same; *provided* that if such is not possible within such 30 calendar day period, then the Issuer and the Security Agent shall continue to use their respective commercially reasonable endeavours to effect such transfer. The Offshore Account Bank will notify the Issuer of its applicable ratings promptly after the end of each calendar month; *it being understood* that the Issuer is independently responsible for monitoring the Offshore Account Bank's ratings for purposes of determining whether an Offshore Account Bank Event occurs.

The Offshore Account Bank Agreement is governed by the laws of England and Wales.

Calculation Agency Agreement

Pursuant to the terms of the Calculation Agency Agreement among the Issuer, the Security Agent and the Calculation Agent, the Security Agent has appointed the Calculation Agent as its agent to make certain Reconciliations as required pursuant to the provisions of the Offshore Bank Account Agreement, including:

(a) in relation to the Non-TL Designated Account(s) following the occurrence of a Reconciliation Event:

(i) reconciling amounts payable from the Non-TL Designated Account(s) to Other Secured Creditors; and

(ii) notifying the Issuer, the Security Agent and the Offshore Account Bank in the case of a Reconciliation Reporting Event;

(b) in relation to the Hedge Collateral Account(s) following the occurrence of a Reconciliation Event:

(i) reconciling the amounts to be transferred or delivered in respect of Hedge Collateral to or from the relevant Hedge Collateral Account in accordance with the relevant Hedging Agreement; and

(ii) notifying the Issuer, the Security Agent, the Offshore Account Bank and the relevant Hedging Counterparty in the case of a Reconciliation Reporting Event; and

(c) in relation to the Non-TL Hedge Collection Account(s) following the occurrence of a Reconciliation Event:

(i) reconciling payments under each applicable Hedging Agreement and Covered Bonds, as applicable, to or from the relevant Non-TL Hedge Collection Account in accordance with the relevant Hedging Agreement and the applicable Final Terms, as applicable (for the purpose of clarification, a transfer or delivery by a Hedging Counterparty of Hedge Collateral is not a payment on a Hedging Agreement); and

(ii) notifying the Issuer, the Security Agent, the Offshore Account Bank and the relevant Hedging Counterparty in the case of a Reconciliation Reporting Event,

provided that:

(A) the Calculation Agent shall not be required to calculate (or check the computation of):

(1) any Settlement Amount (as defined in the ISDA Master Agreement), any Close-out Amount (as defined in the ISDA Master Agreement) or any analogous payment;

(2) any Return Amount (as defined in the 1995 English Law Credit Support Annex, the 1994 New York Law Credit Support Annex or the 1995 English Law Credit Support Deed, each as published by the International Swaps and Derivatives Association, Inc.);

(3) any Interest Amount (as defined in the 1995 English Law Credit Support Annex, the 1994 New York Law Credit Support Annex or the 1995 English Law Credit Support Deed, each as published by the International Swaps and Derivatives Association, Inc.);

(4) any Delivery Amount (as defined in the 1995 English Law Credit Support Annex, the 1994 New York Law Credit Support Annex or the 1995 English Law Credit Support Deed, each as published by the International Swaps and Derivatives Association, Inc.);

(5) any substitution notice delivered pursuant to a credit support annex;

(6) any amounts in respect of default interest in respect of a Hedging Agreement; or

(7) any amounts analogous to any of the above;

(B) the Calculation Agent shall not be obliged to perform a Reconciliation in respect of any payment, delivery or transfer, as applicable, unless such payment, delivery or transfer can be reconciled against an approved form or other supporting evidence as may have been provided by the relevant Secured Creditor (including the relevant Hedging Counterparty), the Issuer, an Agent or the Security Agent, as applicable. Without prejudice to Clause 6.7 (*Request for Information*) of the Calculation Agency Agreement, the Issuer agrees to co-operate with reasonable requests from the Security Agent and the Calculation Agent to enable a Reconciliation to be performed by the Calculation Agent in a timely manner in respect of the relevant payment, transfer or delivery, as applicable; and

(C) the Calculation Agent shall not be obliged to perform a Reconciliation in respect of any payment or withdrawal from the Agency Account.

Absent a Reconciliation Reporting Event, no further notice, consent or approval shall be required from the Calculation Agent in order for the relevant payment, transfer or delivery, as applicable, to be made.

The Calculation Agent shall at all times promptly perform its obligations at the request of the Security Agent.

The Issuer has agreed to pay the Calculation Agent a fee for carrying out such services and to reimburse the Calculation Agent for certain expenses.

The Calculation Agent may, without giving any reason, resign at any time by giving at least 45 days' written notice to the Issuer and the Security Agent and may be removed at any time by the Security Agent or the Issuer on at least 45 days' written notice to the Calculation Agent (with a copy to the Issuer or the Security Agent, as applicable); *provided* that no such resignation or removal shall be effective unless a successor calculation agent has been appointed.

The Calculation Agency Agreement is governed by the laws of England and Wales.

Programme Agreement

Under the terms of the Programme Agreement among the Issuer and the Dealers, the Issuer and the Dealers have agreed that the Dealers shall be appointed as Dealers under the Programme and will purchase Covered Bonds from the Issuer pursuant to the terms of the Programme Agreement and the relevant Subscription Agreement.

The Programme Agreement is governed by the laws of England and Wales.

Agency Agreement

Under the terms of the Agency Agreement, the Agents have each agreed to provide the Issuer with certain

agency services. In particular, each Paying Agent has agreed to hold available for inspection at its specified office during normal business hours copies of all documents required to be so available by the Conditions of any Covered Bonds or the rules of any relevant Stock Exchange (or any other relevant authority). For these purposes, the Issuer shall provide the Paying Agents with sufficient copies of each of the relevant documents (or an electronic copy thereof).

The Agency Agreement is governed by the laws of England and Wales.

Amendments

Pursuant to the provisions of the Agency Agreement, the Issuer may (without the consent of the other parties hereto and, subject to the provisions of the other applicable Transaction Documents, the other parties thereto and any other Secured Creditors) make:

(a) any amendment to any of the provisions of the Conditions of any Series, the Deed of Covenant, the Agency Agreement or any other Transaction Document, which amendment is: (i) made while no Covered Bonds are outstanding or (ii) in the opinion of the Issuer, either: (A) of a formal, minor or technical nature or that is made for the purpose of curing any ambiguity or of curing or correcting any manifest or proven error or any other defective provision contained therein or (B) not materially prejudicial to the interests of the Covered Bondholders and/or the Hedging Counterparties (in each case, considered: (1) as a class and not individually, and (2) from a contractual perspective without consideration of any regulatory or other unique circumstances that might apply to any one or more Covered Bondholders and/or Hedging Counterparties);

(b) any amendment to any of the Transaction Documents if the Issuer proposes to: (i) appoint a rating agency to assign a credit rating to one or more Series of Covered Bonds or (ii) revise any provision of the Transaction Documents in accordance with the then current rating agency criteria of one or more of the Relevant Rating Agencies (such as to establish or alter the Offshore Account Bank Required Rating relating to such Relevant Rating Agency); *provided* that: (A) the Issuer certifies to the Security Agent and the Fiscal Agent that such amendment is necessary or desirable in order to give effect to the appointment of the additional Relevant Rating Agency and the assignment of its initial credit rating to the relevant Covered Bonds or to conform any provision of the Transaction Documents to the then current rating agency criteria of one or more of the Relevant Rating Agencies and (B) subject to Clause 32.4 of the Agency Agreement, Rating Agency Confirmation with respect to each outstanding Series of Covered Bonds has been obtained in respect of such amendment;

(c) any modification to a Hedging Agreement that is requested by the Issuer or the relevant Hedging Counterparty in order to enable the Issuer and/or the relevant Hedging Counterparty to comply with any requirements that apply to it under EMIR, Dodd-Frank, MiFID II or the Applicable Laws of Turkey (or other hedging-related Applicable Law in any jurisdiction to which the Issuer or the relevant Hedging Counterparty is subject), including any New EMIR Requirements, New Dodd-Frank Requirements, New MiFID II Requirements or New Turkish Law Requirements (or other hedging-related Applicable Law in any jurisdiction to which the Issuer or the relevant Hedging Counterparty is subject), as applicable, in relation to such Hedging Agreement, subject to the Issuer and/or the relevant Hedging Counterparty, as applicable, providing the Fiscal Agent and the Security Agent with written certification that the Issuer and/or the relevant Hedging Counterparty is only seeking to implement changes it considers appropriate to comply with EMIR, Dodd-Frank, MiFID II or the Applicable Law of Turkey (or other hedging-related Applicable Law in any jurisdiction to which the Issuer and/or the relevant Hedging Counterparty is subject), including to meet the New EMIR Requirements, New Dodd-Frank Requirements, New MiFID II Requirements or New Turkish Law Requirements, as applicable, together with any modification to any other Transaction Document(s) that may be necessary as a consequence of such modification to the relevant Hedging Agreement; *provided* that any modification or change to the payment instructions (*i.e.*, the account to which payment is to be made by the Hedging Counterparty) contained in such Hedging Agreement shall require the consent of the Security Agent (as directed by the Covered Bondholder Representative);

(d) any amendment to any of the Transaction Documents (including a change in the definitions of Cover Pool, Cover Pool Asset, Individual Asset Eligibility Criteria, Substitute Asset Limit, Required Overcollateralisation Percentage and Statutory Test (and their corresponding subsidiary definitions)) (to the

extent not otherwise permitted by the Transaction Documents, including per (a) and (b) above and (j) below) as a result of any amendment, restatement, modification or other change to the Turkish Covered Bonds Law; *provided* that: (i) the Issuer provides the Security Agent and the Fiscal Agent with written certification that the Issuer is only seeking to implement mandatory provisions of the Turkish Covered Bonds Law applicable to the Programme and (ii) each Relevant Rating Agency has been notified in writing in respect of such amendment not less than five London Business Days prior to the proposed amendment;

(e) any amendment to effect the substitution of the Issuer in accordance with the provisions of the Covered Bonds Communiqué, together with any modification to any other Transaction Document that may be necessary as a consequence of such substitution;

(f) any amendment to effect the appointment of a third party service provider (*hizmet sağlayıcı*) (within the meaning of the Covered Bonds Communiqué) or an Administrator, together with the modification to any other Transaction Document that may be necessary for the sole purpose of enabling such third party service provider or Administrator to carry out its statutory duties and for no other purpose;

(g) any amendment to effect the appointment or replacement of any Agent, the Security Agent, the Calculation Agent, the Offshore Account Bank or a Covered Bond Calculation Agent; *provided* that: (i) such appointment or replacement is otherwise made in accordance with the provisions of the relevant Transaction Documents applicable to such Agent, the Security Agent, the Calculation Agent, the Offshore Account Bank or such Covered Bond Calculation Agent and (ii) each Relevant Rating Agency has been notified in writing of such amendment not less than five London Business Days prior to the proposed amendment;

(h) any amendment to effect the appointment of a replacement Cover Monitor to the Programme; *provided* that: (i) such appointment is otherwise made in accordance with the provisions of the Cover Monitor Agreement (if relevant) and the Covered Bonds Communiqué and (ii) each Relevant Rating Agency has been notified in writing of such amendment not less than five London Business Days prior to the proposed amendment;

(i) any amendment to any of the Transaction Documents to facilitate the inclusion of a guarantor or other enhancer for Series of Covered Bonds, which amendment the Issuer certifies to the Security Agent and the Fiscal Agent is not materially prejudicial to the then-existing Covered Bondholders and/or the Hedging Counterparties (in each case, considered: (i) as a class and not individually, and (ii) from a contractual perspective without consideration of any regulatory or other unique circumstances that might apply to any one or more Covered Bondholders and/or Hedging Counterparties) (it being acknowledged and agreed that: (A) any such amendment that permits the guarantor/enhancer to: (1) receive its interest/premium/fee on a *pro rata* basis with interest on the Covered Bonds, (2) receive interest and/or principal (or reimbursement for making a guaranty/enhancement payment for interest and/or principal) on a *pro rata* basis with interest and/or principal, as applicable, on the Covered Bonds, (3) receive indemnities and other payments on a *pro rata* basis with similar payments to Covered Bondholders and/or (4) be a Secured Creditor will not be considered to be materially prejudicial to the then-existing Covered Bondholders and/or the Hedging Counterparties as a class and (B) any such guarantor or other enhancer is not, as of the Programme Closing Date, permitted to be paid from the Cover Pool except to the extent that it may receive payment therefrom as an Other Secured Creditor);

(j) any amendment to the Individual Asset Eligibility Criteria as a result of the inclusion of additional Cover Pool Assets in the Programme or to comply with the Issuer's then current underwriting, servicing and collection procedures; *provided* that: (i) any such change is in compliance with the provisions of the Covered Bonds Communiqué, (ii) any requirements in the Transaction Documents as to the inclusion of additional Cover Pool Assets in the Programme are satisfied and (iii) subject to Clause 32.4 of the Agency Agreement, Rating Agency Confirmation with respect to each outstanding Series of Covered Bonds has been obtained in respect of such amendment; and

(k) at any time after a change in the Applicable Law of Turkey (including in the Covered Bonds Communiqué) that permits the Additional Cover to be made available to some or all of the Other Secured Creditors on a *pari passu* or priority basis to the Total Liabilities, any amendment to the Agency Agreement, the Security Assignment or any other Transaction Document to provide for such *pari passu* or priority treatment.

Any such amendment or modification will be binding on the Agents, Covered Bondholders, Receiptholders, Couponholders and other Secured Creditors and, unless the Fiscal Agent agrees otherwise, any such modification shall be notified by the Issuer to the Covered Bondholders, Receiptholders and Couponholders as soon as practicable thereafter in accordance with Condition 14 (*Notices*). Notwithstanding the above, such amendment and modification provisions (other than clause (a)(i)) do not apply to any Series Reserved Matter or Programme Reserved Matter. Each party to the Agency Agreement is thereby authorised and instructed to acknowledge and/or execute any such amendment or modification to the extent requested by the Issuer.

Notwithstanding anything in clauses (a) through (k) in the preceding paragraph to the contrary, any amendment or other modification that decreases the rights of any Agent or the Security Agent (in their respective individual capacities), as applicable, or increases the obligations and/or liabilities of any Agent or the Security Agent, as applicable, including any amendment or modification to the definition of Reserve Fund Secured Creditor, shall require the consent of such Agent or the Security Agent, as applicable, which shall be in its sole discretion.

The Security Agreement, Security Assignment, Offshore Bank Account Agreement, Calculation Agency Agreement and Master Definitions and Construction Schedule each provide that: (a) any provision thereof may be amended or waived; *provided* that such amendment or waiver is in writing and is signed by the parties to that Document (with respect to the Master Definitions and Construction Schedule, the Issuer and the Security Agent), but (b) notwithstanding clause (a), the Issuer may (without the consent of the other parties to the applicable document) make any amendment thereto in the manner described in this “*Amendments*” section.

Any amendments, modifications or waivers in relation to the Conditions or the other Transaction Documents that are not covered by the above in this “*Amendments*” section are, subject to the requirements for Programme Reserved Matters and Series Reserved Matters, required to be effected by Extraordinary Resolution (though substituting the phrases “not less than 75%” with “more than 50%” in the definition of Extraordinary Resolution) in respect of the Covered Bonds for the time being outstanding (or, if applicable, a Series of Covered Bonds) and (except for waivers of compliance by the Issuer) require the consent of the Issuer.

Notwithstanding anything in this “*Amendments*” section to the contrary and without prejudice to the provisions set out in the Conditions, after the relevant Issue Date of any Series with respect to which one or more Hedging Agreement(s) is/are in place, the Issuer will not amend the provisions of such Series of Covered Bonds to include any additional redemption rights in respect of such Series of Covered Bonds without the prior written consent of the relevant Hedging Counterparty(ies) for such Series of Covered Bonds.

“*Dodd-Frank*” means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

“*MiFID II*” means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU and relevant regulations made under it.

“*New Dodd-Frank Requirements*” means provisions, rules, regulations, directions, processes, guidelines and procedures relating to Dodd-Frank (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant competent authorities) that have been enacted, clarified, updated, delivered, amended, modified or become operative or applicable on or after the Programme Closing Date.

“*New EMIR Requirements*” means provisions, rules, regulations, directions, processes, guidelines and procedures relating to EMIR (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant competent authorities or ESMA) that have been enacted, clarified, updated, delivered, amended, modified or become operative or applicable on or after the Programme Closing Date.

“*New MiFID II Requirements*” means provisions, rules, regulations, directions, processes, guidelines and procedures relating to MiFID II (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant competent authorities or ESMA) that have been enacted, clarified, updated, delivered, amended, modified or become operative or applicable on or after the Programme Closing Date.

“*New Turkish Law Requirements*” means provisions, rules, regulations, directions, processes, guidelines and procedures relating to any relevant (present or future) requirements of the Applicable Law of Turkey relating to derivatives (including, without limitation, in each case, any associated regulatory or implementing technical

standards and advice, guidance or recommendations from relevant competent authorities) that have been enacted, clarified, updated, delivered, amended, modified or become operative or applicable on or after the Programme Closing Date.

A “*Series Reserved Matter*” means, with respect to any Series:

(a) modification of the Final Maturity Date or Extended Final Maturity Date of such Series or reduction or cancellation of the Principal Amount Outstanding of such Series payable at maturity;

(b) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of such Series or variation of the method of calculating the rate of interest in respect of such Series;

(c) reduction of any Minimum Rate of Interest and/or Maximum Rate of Interest specified in the applicable Final Terms;

(d) modification of the currency in which payments under such Series (or its related Coupons or Receipts) are to be made;

(e) modification of the Deed of Covenant;

(f) modification of the majority required to pass an Extraordinary Resolution;

(g) the sanctioning of any scheme or proposal described in paragraph 4.9(i) of the Agency Agreement; or

(h) alteration of this definition or the proviso to paragraph 3.7 of Schedule 3 (*Provisions for Meetings of Covered Bondholders*) of the Agency Agreement,

A Series Reserved Matter is required to be passed by an Extraordinary Resolution of the relevant Series of Covered Bonds. For the purposes of a Series Reserved Matter, the quorum shall be one or more eligible person(s) present and holding or representing in the aggregate not less than two thirds in Principal Amount Outstanding of the relevant Series of Covered Bonds for the time being outstanding.

An “*Extraordinary Resolution*” when used:

(a) in respect of the Covered Bonds for the time being outstanding means: (i) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the provisions of Schedule 3 (*Provisions for Meetings of Covered Bondholders*) of the Agency Agreement by a majority consisting of not less than 75% of the eligible persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75% of the votes (as determined in accordance with the Agency Agreement) cast on the poll, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75% in Principal Amount Outstanding of the Covered Bonds, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Covered Bondholders, or (iii) consent given by way of electronic consents through the Relevant Clearing System(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than 75% in Principal Amount Outstanding of the Covered Bonds for the time being outstanding (the resolutions in writing and consents given pursuant to clauses (ii) and (iii) shall be combined in calculating the level of approval); and

(b) in respect of a Series of Covered Bonds means: (i) a resolution passed at a meeting of the Covered Bondholders of the relevant Series duly convened and held in accordance with the provisions of Schedule 3 (*Provisions for Meetings of Covered Bondholders*) of the Agency Agreement by a majority consisting of not less than 75% of the eligible persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75% of the votes (as determined in accordance with the Agency Agreement) cast on the poll, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75% in Principal Amount Outstanding of the Covered Bonds of the relevant Series, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Covered Bondholders of the relevant Series, or (iii) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than 75% in Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding (the resolutions in writing and consents

given pursuant to clauses (ii) and (iii) shall be combined in calculating the level of approval).

A “*Programme Reserved Matter*” means:

(a) a modification that would have the effect of altering the majority required to pass a specific resolution or the quorum required at any Programme Meeting;

(b) an amendment of this definition or the definition of Programme Meeting; or

(c) a modification that would have the effect of altering the requirements to declare an Event of Default under Condition 10 (*Events of Default*) or altering the taking of enforcement action under Condition 10.2 (*Enforcement*) of the Covered Bonds.

A Programme Reserved Matter is required to be passed by a Programme Resolution.

A “*Programme Resolution*” means: (a) a resolution in writing signed by or on behalf of holders of a majority of the Principal Amount Outstanding of all Covered Bonds; (b) a resolution of a Programme Meeting duly convened and held in accordance with the provisions of the Agency Agreement that has been passed by a majority of votes cast at such Programme Meeting or (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of a majority of the Principal Amount Outstanding of all Covered Bonds (the resolutions in writing and consents given pursuant to clauses (a) and (c) shall be combined in calculating the level of approval).

A “*Programme Meeting*” means a meeting of Covered Bondholders (whether originally convened or resumed following an adjournment) that has been convened to consider a Programme Reserved Matter.

Deed of Covenant

Under the terms of the Deed of Covenant, the Issuer covenants with accountholders holding interests in the Covered Bonds through a depository for one or more Clearing System(s) that such accountholders will acquire direct rights of enforcement against the Issuer if the relevant Global Covered Bond becomes void.

The Deed of Covenant is governed by the laws of England and Wales.

Hedging Agreements

To provide a hedge against possible variances in the rates of interest payable on or currency risks associated with the Mortgage Assets/and or the Covered Bonds, the Issuer may enter into one or more Interest Rate Swap(s) with one or more Interest Rate Swap Provider(s) and/or one or more Currency Swap(s) with one or more Currency Swap Provider(s) under one or more Interest Rate Swap Agreement(s) and/or Currency Swap Agreement(s), respectively.

With respect to Tranches not denominated in Turkish Lira, the Issuer would likely enter into a Currency Swap. Each such Currency Swap would likely provide that: (a) on or about the Issue Date of the applicable Tranche of Covered Bonds, the Issuer would pay to the applicable Hedging Counterparty an amount equal to the relevant portion of the amount received by the Issuer in respect of the aggregate Principal Amount Outstanding of such Tranche and in return the Hedging Counterparty would pay to the Issuer the Turkish Lira Equivalent of such amount, and (b) thereafter: (i) the Hedging Counterparty would pay to the applicable Non-TL Hedge Collection Account on each Interest Payment Date an amount equal to the relevant portion of the amounts that are payable by the Issuer in respect of interest and principal payable under such Tranche and (ii) the Issuer would periodically pay to the applicable Hedging Counterparty an amount in Turkish Lira calculated by reference to the applicable floating rate or fixed rate, as applicable, specified in the relevant Hedging Agreement plus a spread and, where relevant, the Turkish Lira Equivalent of the relevant portion of any principal due to be repaid in respect of such Tranche.

A Hedging Agreement might, in the event that the Issuer does not pay the principal amount payable to the Covered Bondholders in respect of a Tranche on the applicable Final Maturity Date (or, with respect to Instalment Covered Bonds, on an applicable Interest Payment Date) of such Tranche and, where an Extended Final Maturity Date is applicable to such Tranche, on such Extended Final Maturity Date, provide for payments to be made to and by the Hedging Counterparty on a different basis and timing.

The terms of a Hedging Agreement might provide that, in the event that the relevant rating of the relevant Hedging Counterparty or any guarantor of such Hedging Counterparty’s obligations is downgraded below a rating specified in such Hedging Agreement, such Hedging Counterparty will be required to take certain remedial

measures, which might include (without limitation) providing Hedge Collateral for its obligations under such Hedging Agreement, arranging for its obligations under such Hedging Agreement to be transferred to an entity with sufficient ratings or procuring another entity with sufficient ratings to become co-obligor or guarantor in respect of its obligations under such Hedging Agreement. A failure to take such steps within the time periods set out in a Hedging Agreement would likely, subject to certain conditions, allow the Issuer to terminate such Hedging Agreement.

A Hedging Agreement might also provide that the applicable Hedging Counterparty might transfer all of its interest and obligations in and under such Hedging Agreement to a transferee that satisfies minimum ratings without any prior written consent of the Issuer or the Security Agent.

It is important to note that while a Hedging Agreement might be entered into in connection with the issuance of a new Tranche of Covered Bonds, payments by the corresponding Hedging Counterparty under such Hedging Agreement are not allocated solely to the Covered Bondholders of such Tranche but rather become part of the overall Cover Pool that is applied to make payments generally, including to pay the Issuer's obligations to the Covered Bondholders of all Tranches and the Hedging Counterparties.

Cover Monitor Agreement

The Cover Monitor has agreed to be appointed by the Issuer in accordance with the Covered Bonds Communiqué to carry out any and all assessments, checks and notification duties specified in the Cover Monitor Agreement (including those referenced in the form of the Cover Monitor Report set out in Schedule 1 of the Cover Monitor Agreement), including in relation to the checks and calculations performed by the Issuer on the Cover Pool in relation to the Individual Asset Eligibility Criteria and the Statutory Tests subject to and in accordance with the Covered Bonds Communiqué and the terms of the Cover Monitor Agreement.

The Issuer shall, amongst other things:

(a) keep the Cover Register pursuant to the Covered Bonds Communiqué, keep such Cover Register up to date and make such Cover Register available to the Cover Monitor on demand during normal business hours;

(b) monitor compliance with the Statutory Tests at every change to the Cover Register (meaning removal of a Cover Pool Asset or addition to the Cover Pool Assets) and, in any case, at least once per calendar month as long as any Series of Covered Bonds is outstanding and, as applicable, in the case of the issuance of a new Series of Covered Bonds;

(c) to the extent not contrary to Applicable Law (including with respect to customer data protection), submit the information and documents that are required by the Cover Monitor in accordance with the Covered Bonds Communiqué and provide such information as is in the Issuer's knowledge and/or possession that the Cover Monitor reasonably requests in respect of the Cover Pool;

(d) demonstrate to the Cover Monitor within two Istanbul Business Days of the Issuer's detection of a Potential Breach of Statutory Test or an Issuer Event that all collections of interest and principal on the Cover Pool Assets (and payments under Hedging Agreements) on deposit in the Collection Account have been transferred to the TL Designated Account; and

(e) demonstrate to the Cover Monitor within one month after the Issuer's detection of a Potential Breach of Statutory Test or an Issuer Event that (until the Issuer has cured all Potential Breach of Statutory Tests and Issuer Events): (i) any and all present and future payments due under the Cover Pool Assets are being accumulated in the applicable Designated Account (whether by an obligor thereof paying the sums due directly to the applicable Designated Account, by the Issuer's redirecting amounts that it receives from an obligor (including by way of set-off from an account such obligor maintains with the Issuer) or otherwise); and (ii) all such amounts will be dedicated exclusively to the payment of the Total Liabilities unless otherwise agreed with the CMB.

The Cover Monitor Agreement confirms that the Issuer shall be entitled, in accordance with the Covered Bonds Communiqué and subject to making any Security Update Registrations, to reduce the Cover Pool by removing one or more Cover Pool Asset(s); *provided* that: (a) any asset removals must not cause the Substitute Assets in the Cover Pool to exceed the Substitute Asset Limit, (b) neither any Potential Breach of Statutory Test nor any Issuer Event of the type described in sub-paragraphs (a) through (f) of the definition thereof would occur as a

result of such removal, and (c) any collections in respect of any such removed Cover Pool Assets will no longer be transferred to the Collection Account.

At the discretion of the CMB, all removals of Cover Pool Assets from the Cover Pool and all deletions of entries from the Cover Register may require the consent of the Cover Monitor.

The Issuer shall notify the Cover Monitor of the occurrence of any Potential Breach of Statutory Test or Issuer Event of the type described in sub-paragraphs (a) through (f) of the definition thereof promptly after the Issuer's detection of such occurrence indicating whether any such event(s) included a failure to fulfil the Issuer's payment obligations under the Total Liabilities either partially or fully.

Subject to the terms of the Cover Monitor Agreement, the Cover Monitor shall, amongst other things: (a) verify that the Cover Register has been created and is maintained and preserved in accordance with the provisions of the Covered Bonds Communiqué, (b) analyse and confirm whether the Cover Pool Assets meet the Individual Asset Eligibility Criteria based on a sampling basis, (c) reconcile the entries in the Cover Register with any additions of Cover Pool Assets made by the Issuer to the Cover Pool and (d) analyse and verify whether the Statutory Tests are satisfied (including whether the Stress Test measurements are accurate) as of the relevant Cover Monitor Calculation Date.

Other than in relation to the checking by the Cover Monitor of the arithmetic or other accuracy of the checks and calculations performed by the Issuer in accordance with the provisions of the Cover Monitor Agreement, the Cover Monitor is entitled to assume that all information provided to it by the Issuer pursuant to the Cover Monitor Agreement is true and correct and is not misleading, and the Cover Monitor is not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or non-misleading nature of such information. On completion of its calculations and procedures in respect of a Cover Monitor Calculation Date, the Cover Monitor will deliver a cover monitor report, in the form set out in the Cover Monitor Agreement (the "*Cover Monitor Report*"), to the CMB, the Issuer, the Security Agent, the Dealers, the Arrangers and the Relevant Rating Agencies (in their respective capacities, collectively referred to as the "*Recipients*").

The Issuer shall pay to the Cover Monitor a fee for its services in the amount and at the times set out in a separate fee letter between the Issuer and the Cover Monitor.

The Cover Monitor may, at any time, subject to the reasons of such resignation being submitted to the CMB in writing and the CMB's approval being obtained, resign from its appointment under the Cover Monitor Agreement upon providing the Issuer with at least 60 days' prior written notice (the Issuer shall provide a copy of such notice to the Relevant Rating Agencies and to the Security Agent); *provided* that such termination may not be effected unless and until a replacement has been found for the Cover Monitor by the Issuer, which replacement agrees to perform the duties (or substantially similar duties) of the Cover Monitor set out in the cover Monitor Agreement, and the agreement appointing such replacement ("*Replacement Cover Monitor Agreement*") is approved by the CMB.

In addition to the preceding paragraph, the Cover Monitor may resign, subject to the reasons of such resignation being submitted to the CMB in writing and the CMB's approval being obtained, from its appointment under the Cover Monitor Agreement upon giving at least 30 days' prior written notice if any action taken by any one or more of the Recipients causes a professional conflict of interest for the Cover Monitor under the rules of the professional and/or regulatory bodies regulating the activities of the Cover Monitor; *provided* that such termination may not be effected unless and until a replacement has been found for the Cover Monitor by the Issuer, which replacement agrees to perform the duties (or substantially similar duties) of the Cover Monitor set out in a Replacement Cover Monitor Agreement, and such Replacement Cover Monitor Agreement is approved by the CMB. The Cover Monitor will inform the Recipients as soon as reasonably practicable of any action of which the Cover Monitor is aware that may cause a professional conflict of interest for the Cover Monitor that could result in termination under this paragraph.

The Issuer may, at any time, terminate the appointment of the Cover Monitor under the Cover Monitor Agreement upon providing the Cover Monitor with at least 60 days' prior written notice; *provided* that such termination may not be effected: (a) unless the reasons of such termination are submitted to the CMB in writing and the CMB's approval is obtained and (b) until a replacement has been found by the Issuer, which replacement agrees to perform the duties (or substantially similar duties) of the Cover Monitor set out in the Cover Monitor Agreement, and a Replacement Cover Monitor Agreement is approved by the CMB.

The Cover Monitor Agreement is governed by Turkish law.

SCHEDULE G

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement dated 26 April 2016, as further amended and restated on 31 May 2017 (as further amended, restated or supplemented from time to time, the “*Programme Agreement*”), agreed (or, when acceding thereto, will agree) with the Issuer a basis upon which they or any of them may from time to time agree to purchase Covered Bonds. Any such agreement will extend to those matters stated under “*Form of the Covered Bonds*” and “*Terms and Conditions of the Covered Bonds*.” In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Covered Bonds under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith, including liabilities under the Securities Act, or to contribute to payments that the Dealers may be required to make because of those liabilities. The Programme Agreement provides that the obligation of any Dealer to purchase Covered Bonds under any agreement for the issue and purchase of such Covered Bonds is subject to certain conditions.

Any offers and sales of the Covered Bonds in the United States may only be made by those Dealers or their affiliates that are registered broker-dealers under the Exchange Act, or in accordance with Rule 15a-6 thereunder. One or more Dealers participating in the offering of any Tranche of Covered Bonds issued under the Programme may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Covered Bonds during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Covered Bonds for their own account by selling more Covered Bonds than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Covered Bonds in the open market. In addition, such persons may stabilise or maintain the market price of the Covered Bonds by bidding for or purchasing Covered Bonds in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Covered Bonds are reclaimed if Covered Bonds previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Covered Bonds at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the market price of the Covered Bonds to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under Applicable Laws in the United Kingdom, stabilisation activities may only be carried on by the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Covered Bonds.

The Issuer expects that delivery of interests in Covered Bonds will be made on the issue date for such Covered Bonds, as such date will be communicated in connection with the offer and sale of such Covered Bonds. Potential investors that are U.S. persons should note that the issue date may be more than three business days (this settlement cycle being referred to as “T+3”) following the trade date of such Covered Bonds. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three New York business days, unless the parties to any such trade expressly agree otherwise. Accordingly, investors who wish to trade interests in Covered Bonds issued under the Programme on the trade date relating to such Covered Bonds or the next New York business days will be required, by virtue of the fact that the Covered Bonds initially will likely settle on a settlement cycle longer than T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Investors in the Covered Bonds who wish to trade interests in Covered Bonds issued under the Programme on their trade date or the next New York business days should consult their own adviser.

All or certain of the Dealers and their respective affiliates are full service financial institutions engaged in various activities, which might include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealers or their respective affiliates may have performed investment banking and advisory services for the Issuer and its affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Dealers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Issuer and its affiliates in the ordinary course of their business. Certain of the Dealers and/or their respective affiliates have acted and expect in the future to act as a lender to the Issuer and/or other members of

the Group and/or otherwise participate in transactions with the Group.

In the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities might involve securities and instruments of the Issuer. In addition, certain of the Dealers and/or their respective affiliates hedge their credit exposure to the Issuer pursuant to their customary risk management policies. These hedging activities could have an adverse effect on the future trading prices of the Covered Bonds.

The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities or instruments.

Transfer Restrictions

As a result of the following restrictions, purchasers of Covered Bonds are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Covered Bonds.

Each purchaser and transferee (and if the purchaser or transferee is a Plan, then its fiduciary) of Registered Covered Bonds will be required or deemed by the Issuer to acknowledge, represent, warrant and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing (or holding) the Covered Bonds for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A, (ii) it is an Institutional Accredited Investor that has delivered a duly executed investment letter substantially in the form set out in the Agency Agreement (an “*IAI Investment Letter*”) or (iii) it is not a U.S. person and is purchasing or acquiring the Covered Bonds (or a beneficial interest therein) in a transaction pursuant to an exemption from registration under the Securities Act,

(b) that the Covered Bonds (or beneficial interests therein) are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Covered Bonds (or beneficial interests therein) have not been and will not be registered under the Securities Act or any other applicable U.S. Federal or State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below,

(c) that, unless it holds an interest in a Regulation S Registered Global Covered Bond and is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so, prior to the date that is one year after the later of the last Issue Date for such Covered Bonds and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds or beneficial interests, only: (i) to the Issuer or any affiliate thereof, (ii) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of the United States and all other jurisdictions,

(d) it will, and will require each transferee from it to, notify any transferee of the Covered Bonds from it of the resale restrictions, if then applicable,

(e) that Covered Bonds initially offered to QIBs pursuant to Rule 144A will be represented by one or more Rule 144A Global Covered Bonds, that Covered Bonds offered to Institutional Accredited Investors pursuant to Section 4(a)(2) under the Securities Act will be in the form of Definitive IAI Registered Covered Bonds or one or more IAI Global Covered Bonds and that Covered Bonds offered in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by one or more Regulation S Registered Global Covered Bonds, Definitive Regulation S Registered Covered Bonds or Bearer Covered Bonds,

(f) that the Rule 144A Global Covered Bonds will bear a legend to the following effect unless

otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD PLEDGED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION OF A BENEFICIAL INTEREST HEREIN, THE HOLDER: (a) REPRESENTS (OR SHALL BE DEEMED TO REPRESENT) THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYER(S), (b) AGREES THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE THAT IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN: (i) TO THE ISSUER OR ANY AFFILIATE THEREOF, (ii) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (iii) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (iv) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (v) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES AND ALL OTHER JURISDICTIONS, AND (c) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM ANY INTEREST IN THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION IS MADE BY THE ISSUER AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THIS SECURITY.

EACH PURCHASER AND TRANSFEREE (AND IF THE PURCHASER OR TRANSFEREE IS A PLAN, THEN ITS FIDUCIARY) OF THIS COVERED BOND (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER: (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS COVERED BOND (OR A BENEFICIAL INTEREST HEREIN) WILL NOT BE, ACQUIRING OR HOLDING ITS INVESTMENT HEREIN WITH THE ASSETS OF: (i) AN “**EMPLOYEE BENEFIT PLAN**” AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (ii) A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), (iii) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” OF ANY OF THE FOREGOING OR (iv) A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF THIS SECURITY (OR BENEFICIAL

INTERESTS HEREIN) SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY (OR OF A BENEFICIAL INTEREST HEREIN) SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF (AND OF BENEFICIAL INTERESTS HEREIN) AND ALL FUTURE HOLDERS OF THIS SECURITY (OR OF A BENEFICIAL INTEREST HEREIN) AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION HEREOF, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”

The IAI Global Covered Bonds and the Definitive IAI Registered Covered Bonds (with appropriate revisions) will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF (OR OF A BENEFICIAL INTEREST HEREIN), THE HOLDER: (a) REPRESENTS THAT IT IS AN “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT) THAT IS AN INSTITUTION (AN “**INSTITUTIONAL ACCREDITED INVESTOR**”), (b) AGREES THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY (OR BENEFICIAL INTERESTS HEREIN) EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT, THE TERMS OF THE IAI INVESTMENT LETTER IT EXECUTED IN CONNECTION WITH ITS PURCHASE OF THIS SECURITY (OR BENEFICIAL INTERESTS HEREIN) AND, PRIOR TO THE DATE THAT IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES OF WHICH THIS COVERED BOND FORMS PART AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN: (i) TO THE ISSUER OR ANY AFFILIATE THEREOF, (ii) FOR SO LONG AS THIS COVERED BOND IS ELIGIBLE FOR REALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (iii) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (iv) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (v) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES AND ALL OTHER JURISDICTIONS; *PROVIDED* THAT THE ISSUER SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO (iii) OR (iv) ABOVE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER, AND (c) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION IS MADE BY THE ISSUER AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THIS SECURITY.

EACH PURCHASER AND TRANSFEREE (AND IF THE PURCHASER OR

TRANSFEREE IS A PLAN, THEN ITS FIDUCIARY) OF THIS COVERED BOND (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER: (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS COVERED BOND (OR A BENEFICIAL INTEREST HEREIN) WILL NOT BE, ACQUIRING OR HOLDING ITS INVESTMENT HEREIN WITH THE ASSETS OF: (i) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (ii) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (iii) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING OR (iv) A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF THIS SECURITY (OR BENEFICIAL INTERESTS HEREIN) SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY (OR BENEFICIAL INTERESTS HEREIN) TO REFLECT ANY CHANGE IN APPLICABLE LAW (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY (OR OF A BENEFICIAL INTEREST HEREIN) SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF (OR OF A BENEFICIAL INTEREST HEREIN), TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF (AND OF BENEFICIAL INTERESTS HEREIN) AND ALL FUTURE HOLDERS OF THIS SECURITY (OR OF A BENEFICIAL INTEREST HEREIN) AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION HEREOF, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON)."

(g) if it holds an interest in a Regulation S Registered Global Covered Bond or a Bearer Global Covered Bond, that if it should resell or otherwise transfer such interest in the Covered Bonds prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Covered Bonds), it will do so only: (i)(A) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act or (B) other than with respect to a Bearer Global Covered Bond, to a QIB in compliance with Rule 144A, and (ii) in accordance with all applicable U.S. federal and State securities laws; and it acknowledges that the Regulation S Registered Global Covered Bonds or Bearer Global Covered Bond will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE COVERED BONDS OF THE TRANCHE OF WHICH THIS COVERED BOND FORMS PART.

EACH PURCHASER AND TRANSFEREE (AND IF THE PURCHASER OR TRANSFEREE IS A PLAN, THEN ITS FIDUCIARY) OF THIS COVERED BOND (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER: (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS COVERED BOND (OR A BENEFICIAL INTEREST HEREIN) WILL NOT BE, ACQUIRING OR HOLDING ITS INVESTMENT HEREIN WITH THE ASSETS OF: (i) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (ii) A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), (iii) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” OF ANY OF THE FOREGOING OR (iv) A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF THIS SECURITY (OR BENEFICIAL INTERESTS HEREIN) SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY (OR BENEFICIAL INTERESTS HEREIN) TO REFLECT ANY CHANGE IN APPLICABLE LAW (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY (OR OF A BENEFICIAL INTEREST HEREIN) SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF (OR OF A BENEFICIAL INTEREST HEREIN), TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF (AND OF BENEFICIAL INTERESTS HEREIN) AND ALL FUTURE HOLDERS OF THIS SECURITY (OR OF A BENEFICIAL INTEREST HEREIN) AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION HEREOF, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON”); and

(h) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each purchaser and transferee (and if the purchaser or transferee is a Plan, then its fiduciary) of a Covered Bond (or a beneficial interest therein) will be deemed to represent, warrant and agree that either: (a) it is not, and for so long as it holds a Covered Bond (or a beneficial interest therein) will not be, acquiring or holding such Covered Bond (or beneficial interest) with the assets of a Benefit Plan Investor or a Plan that is subject to Similar Law, or (b) the acquisition, holding and disposition of such Covered Bond (or a beneficial interest therein) will not give rise to a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of Similar Law.

Institutional Accredited Investors who purchase Registered Covered Bonds offered and sold in the United States as part of their original issuance in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter.

The IAI Investment Letter will state, among other things, the following:

(a) that the applicable Institutional Accredited Investor has received a copy of this Base Prospectus and such other information as it deems necessary in order to make its investment decision,

(b) that such Institutional Accredited Investor understands that such Covered Bonds are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that such Covered Bonds have not been and will not be registered under the Securities Act or any other applicable U.S. federal or state securities laws and that any subsequent transfer of such Covered Bonds is subject to certain restrictions and conditions set forth in this Base Prospectus and such Covered Bonds (including those set out above) and that it agrees to be bound by, and not to reoffer, resell, pledge or otherwise transfer the Covered Bonds except in compliance with, such restrictions and conditions and the Securities Act,

(c) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Covered Bonds,

(d) that it is an Institutional Accredited Investor and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Covered Bonds, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment in the Covered Bonds for an indefinite period of time,

(e) that such Institutional Accredited Investor is acquiring such Covered Bonds for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of such Covered Bonds, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control, and

(f) that, in the event that such Institutional Accredited Investor purchases Covered Bonds (or beneficial interests therein), it will acquire Covered Bonds (or beneficial interests therein) having a minimum purchase price of at least US\$500,000 (or the approximate equivalent in another Specified Currency) (or such other amount set forth in the applicable Final Terms).

Unless set forth in the applicable Final Terms otherwise, no sale of Legended Covered Bonds in the United States to any one purchaser will be for less than US\$200,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors pursuant to Section 4(a)(2) of the Securities Act, US\$500,000 (or its foreign currency equivalent) principal amount and no Legended Covered Bond will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least US\$200,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors pursuant to Section 4(a)(2) of the Securities Act, US\$500,000 (or its foreign currency equivalent) principal amount of Registered Covered Bonds (in each case, or such other amount as may be set forth in the applicable Final Terms).

According to Article 15d(ii) of Decree 32, residents in Turkey will be free to purchase and sell securities and other capital market instruments traded on financial markets abroad, and to transfer funds for the purchase of such securities abroad through licensed banks or licensed intermediary institutions authorised in accordance with the Capital Markets Law and its related legislation.

Selling Restrictions

Turkey

The Issuer has obtained the CMB Approval required for the issuance of Covered Bonds under the Programme. Pursuant to the CMB Approval, the offer, sale and issue of Covered Bonds under the Programme has been authorised and approved in accordance with Decree 32, the Capital Markets Law, the Debt Instruments Communiqué and the Covered Bonds Communiqué or their respective related legislation. In addition, Covered Bonds (or beneficial interests therein) may only be offered or sold outside of Turkey in accordance with the CMB Approval. Under the CMB Approval, the CMB has authorised the offering, sale and issue of any Covered Bonds within the scope of such CMB Approval on the condition that no transaction that qualifies as a sale or offering of Covered Bonds (or beneficial interests therein) by way of public offering or private placement in Turkey may be engaged in. Notwithstanding the foregoing, pursuant to the BRSA decision dated 6 May 2010 No. 3665, the BRSA decision dated 30 September 2010 No. 3875 and in accordance with Decree 32, residents of Turkey: (a) in the secondary markets only, may purchase or sell Covered Bonds (or beneficial interests therein) denominated in a currency other than Turkish Lira in offshore transactions on an unsolicited (reverse inquiry) basis, and (b) both in the primary and secondary markets, may purchase or sell Covered Bonds (or beneficial interests therein)

denominated in Turkish Lira in offshore transactions on an unsolicited (reverse inquiry) basis; *provided* that, for each of clauses (a) and (b), such purchase or sale is made through licensed banks authorised by the BRSA or licensed brokerage institutions authorised pursuant to CMB regulations and the purchase price is transferred through such licensed banks. As such, Turkish residents should use such licensed banks or licensed brokerage institutions while purchasing Covered Bonds (or beneficial interests therein) and transfer the purchase price through such licensed banks authorised under BRSA regulations.

To the extent (and in the form) required by Applicable Law, approval from the CMB in respect of each Tranche of Covered Bonds will be obtained by the Issuer prior to the Issue Date of such Tranche of Covered Bonds. The Issuer shall maintain all authorisations and approvals of the CMB as necessary for the offer, sale and issue of Covered Bonds under the Programme.

Monies paid for investments in the Covered Bonds are not protected by the insurance coverage provided by the SDIF.

United States

The Covered Bonds have not been and will not be registered under the Securities Act or the securities laws of any State or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder.

In connection with any Covered Bonds sold by the Issuer pursuant to Regulation S (“*Regulation S Covered Bonds*”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Covered Bonds: (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer(s) or, in the case of an issue of Covered Bonds on a syndicated basis, the relevant lead manager, of all Covered Bonds of the Tranche of which such Regulation S Covered Bonds are a part, other than in an offshore transaction to, or for the account or benefit of, persons who are not U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each distributor, dealer or other person to which it sells any Regulation S Covered Bonds during the applicable distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Covered Bonds other than in offshore transactions to, or for the account or benefit of, persons that are not U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Covered Bonds, an offer or sale of such Covered Bonds other than in an offshore transaction to a person that is not a U.S. person by any distributor (whether or not participating in the offering) might violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Registered Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the Dealers may be relying upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. To permit compliance with Rule 144A in connection with any resales or other transfers of Covered Bonds that are “restricted securities” within the meaning of the Securities Act, the Issuer has undertaken in the Deed Poll to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Covered Bonds of the applicable Series remain outstanding as “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Prohibition of Sales to EEA Retail Investors and Public Offer Selling Restriction under the Prospectus Directive

From 1 January 2018, if the Final Terms in respect of any Covered Bonds specifies the “Prohibition of sales to EEA Retail Investors” as “Applicable,” then each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds (or beneficial interests therein) that are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any EEA Retail Investors. For the purposes of this paragraph:

- (a) 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 MiFID II,
 - (ii) a customer within the meaning of the IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or
 - (iii) not a qualified investor as defined in the Prospectus Directive, and
- (b) the expression “*offer*” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds (or beneficial interests therein) to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds (or beneficial interests therein).

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Covered Bonds specifies “Prohibition of sales to EEA Retail Investors” as “Not Applicable,” then, in relation to each Relevant Member State, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “*Relevant Implementation Date*”) it has not made and will not make an offer of Covered Bonds (or beneficial interests therein) that are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State at any time:

- (a) to any legal entity that is a qualified investor as defined in the Prospectus Directive,
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer, or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Covered Bonds referred to in clauses (a) to (c) shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the second paragraph: (a) the expression “an offer of Covered Bonds to the public” in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and (b) the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Covered Bonds that have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who

it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000, as amended (“*FSMA*”) by the Issuer,

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the *FSMA*) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the *FSMA* does not apply to the Issuer, and

(c) it has complied and will comply with all applicable provisions of the *FSMA* with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the “*FIEA*”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds (or beneficial interests therein), directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the *FIEA* and any other Applicable Laws of Japan.

Switzerland

In Switzerland, this Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in Covered Bonds described herein. The Covered Bonds may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds constitutes a prospectus as such term is understood pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to Article 5 of the Swiss Collective Investment Scheme Act, and neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering of the Covered Bonds has been or will be filed with or approved by any Swiss regulatory authority. The Covered Bonds do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act and are not subject to the approval of, or supervision by, any Swiss regulatory authority, such as the Swiss Financial Markets Supervisory Authority, and investors in the Covered Bonds will not benefit from protection or supervision by any Swiss regulatory authority.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all Applicable Laws in force related to securities in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the Applicable Laws in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.