

SECOND SUPPLEMENT dated 23 August 2024 to the Offering Circular dated 26 March 2024



**QNB FİNANSBANK A.Ş.
US\$5,000,000,000**

Global Medium Term Note Programme

This supplement (this “*Supplement*”) is supplemental to, and must be read in conjunction with, the Offering Circular dated 26 March 2024 (the “*Original Offering Circular*”) as amended by the First Supplement dated 10 May 2024 (the “*First Supplement*,” the Original Offering Circular as amended by the First Supplement being the “*Offering Circular*”) prepared by QNB Finansbank A.Ş. (the “*Issuer*” or the “*Bank*”) under the Issuer’s global medium term note programme. Capitalised terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Offering Circular.

This Supplement has been approved by the Irish Stock Exchange plc trading as Euronext Dublin (“*Euronext Dublin*”) as a supplement to the Offering Circular and constitutes a “listing particulars supplement” for the purposes of listing on the official list of Euronext Dublin and trading on its Global Exchange Market. This Supplement has been prepared and published for the purposes of incorporating into the Offering Circular the Issuer’s latest financial statements and updating certain provisions of the Offering Circular. As a result, modifications to the Offering Circular are hereby being made.

A copy of each of: (a) the unaudited consolidated BRSA Financial Statements of the Group as of and for the six-month period ended 30 June 2024 (including any notes thereto and the independent auditor’s review report thereon, the “*Group’s New BRSA Financial Statements*”) and (b) the unaudited unconsolidated BRSA Financial Statements of the Issuer as of and for the six-month period ended 30 June 2024 (including any notes thereto and the independent auditor’s review report thereon, the “*Issuer’s New BRSA Financial Statements*” and, with the Group’s New BRSA Financial Statements, the “*New BRSA Financial Statements*”) has been filed with Euronext Dublin and, by means of this Supplement, is incorporated by reference into, and forms part of, the Offering Circular (and the Group’s and the Issuer’s BRSA Financial Statements as of and for the three-month period ended 31 March 2024, which were incorporated into the Offering Circular pursuant to the First Supplement, shall cease to be considered to be incorporated into the Offering Circular).

Copies of the New BRSA Financial Statements can be obtained without charge from the registered office of the Issuer and from the Issuer’s website at: (a) with respect to the Group’s New BRSA Financial Statements, <https://www.qnbfinansbank.com/medium/document-file-4076.vsf>, and (b) with respect to the Issuer’s New BRSA Financial Statements, <https://www.qnbfinansbank.com/medium/document-file-4077.vsf> (such websites do not, and shall not be deemed to, constitute a part of, nor are incorporated into, this Supplement or the Offering Circular). The New BRSA Financial Statements, which are in English, were prepared as convenience translations of the corresponding Turkish language BRSA Financial Statements (which translations the Issuer confirms are direct and accurate). The New BRSA Financial Statements were not prepared for the purpose of their incorporation by reference into the Offering Circular.

The New BRSA Financial Statements were reviewed by independent auditors PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (“*PwC*”). PwC’s review report included within each of the New BRSA Financial Statements notes that: (a) a review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Standards on Independent Auditing and does not provide assurance that the audit firm will be aware of all significant matters that would have been identified in an audit and (b) accordingly, they do not express an opinion on the interim financial information in the New BRSA Financial Statements. Accordingly, the degree of reliance upon their reports on such information should be restricted in light of the limited nature of the review procedures applied. The financial information in the New BRSA Financial Statements is subject to any adjustments that might be necessary as a result of the audit process to be undertaken in respect of the full financial year. In addition, PwC’s review report included within each of the New BRSA Financial Statements contains a qualification. See “Risk Factors - Risks Relating to the Group and its Business - Other Group-Related Risks - Audit Qualification” in the Offering Circular as hereby amended.

Statements contained herein (or in the New BRSA Financial Statements incorporated by reference into the Offering Circular by means of this Supplement) 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 Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of the Offering Circular. Where there is any inconsistency between the information contained in (or incorporated by reference into) the Offering Circular and the information contained herein (or incorporated by reference into the Offering Circular by means of this Supplement), the information contained herein (or incorporated by reference into the Offering Circular by means of this Supplement) shall prevail.

Except as disclosed in (including in the information incorporated by reference into) the Offering Circular (including in the New BRSA Financial Statements incorporated by reference into the Offering Circular by means of this Supplement), there has been: (a) no material adverse change in the prospects of the Bank since 31 December 2023 and (b) no significant change in the financial or trading position of the Bank or the Group since 30 June 2024.

The Issuer accepts responsibility for the information contained in this Supplement or incorporated by reference into the Offering Circular by means of this Supplement. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information in (including incorporated by reference into) the Offering Circular (as supplemented hereby) is in accordance with the facts and makes no omission likely to affect the import of such information. To the full extent permitted by applicable law, none of the Dealers, the Arrangers, the Agents or any of their respective affiliates accept any responsibility for the information contained in this Supplement or incorporated by reference into the Offering Circular by means of this Supplement.

AMENDMENTS

The following amendments are made to the Offering Circular:

FRONT COVER

The reference to “a written approval” in the third sentence of the seventh paragraph of the front cover of the Original Offering Circular is hereby amended to “an approval”.

The reference to “B2” in the last paragraph of the front cover of the Original Offering Circular is hereby amended to “Ba3”.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The third sentence of the first paragraph of the section titled “Presentation of Financial and Other Information” on page ix of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

All financial statements incorporated by reference herein, including the Bank’s audited consolidated and unconsolidated annual financial statements as of and for each of the years ended 31 December 2022 (including comparative information for 2021) and 2023 (including comparative information for 2022) (in each case, including any notes thereto and the independent auditor’s audit report thereon) (the “*BRSA Annual Financial Statements*”) and the Bank’s unaudited consolidated and unconsolidated interim financial statements as of and for the six-month period ended 30 June 2024 (including comparative information for the same period of 2023 and, for balance sheet items, 31 December 2023) (including any notes thereto and the independent auditor’s review report thereon) (the “*BRSA Interim Financial Statements*”), have been prepared and presented in accordance with the BRSA Principles except for the free provisions recognised by the Bank as such are “not within the requirements of” the BRSA Principles.

DOCUMENTS INCORPORATED BY REFERENCE

Clause (a) of the first paragraph of the section titled “Documents Incorporated by Reference” on page xv of the Offering Circular is hereby amended to read as follows:

- (a) the BRSA Annual Financial Statements and BRSA Interim Financial Statements,

The sentence at the end of the fourth paragraph of the section titled “Documents Incorporated by Reference” starting on page xv of the Original Offering Circular (such sentence having been inserted by the First Supplement) is hereby amended to read as follows:

In addition, copies of the BRSA Interim Financial Statements can be obtained without charge from the registered office of the Issuer and from the Issuer’s website at: (i) with respect to the Bank’s BRSA Interim Financial Statements, <https://www.qnbfinansbank.com/medium/document-file-4077.vsf>, and (ii) with respect to the Group’s BRSA Interim Financial Statements, <https://www.qnbfinansbank.com/medium/document-file-4076.vsf>.

GENERAL DESCRIPTION OF THE PROGRAMME

The reference to “B2” in the “Ratings” category on page 11 of the Original Offering Circular in the section titled “General Description of the Programme – The Programme” is hereby amended to “Ba3”.

RISK FACTORS

The eighth and ninth sentences of the fifth paragraph of the section titled “Risk Factors - Risks Relating to Türkiye – Political Conditions – Political Developments” on page 15 of the Original Offering Circular (as amended by the First Supplement) are hereby amended to read as follows:

After the presidential elections in May 2023, a new governor of the Central Bank and a new Minister of the Turkish Treasury were appointed, after which the first meeting of the Central Bank’s Monetary Policy Committee increased the rate to 15.00% and then raised it again in multiple steps to 45.00% as of 25 January 2024. On 3 February 2024, Mr. Fatih Karahan, the former vice-Chair of the Central Bank, was appointed as the new governor of the Central

Bank after the previous governor resigned. Following his appointment, the Central Bank increased the rate to 50.00% on 21 March 2024 and kept the rate as 50.00% as of 23 August 2024; *however*, as of such date, such rate remained below the level of inflation. As of 31 July 2024, the exchange rate had fallen further to TL 33.14/US\$1.

The sixth paragraph of the section titled “Risk Factors - Risks Relating to Türkiye – Political Conditions – Terrorism and Conflicts” on page 17 of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

In October 2023, Hamas carried out attacks in Israel, initiating a broader conflict between Israel and Hamas in and around the Gaza Strip. This conflict has significantly impacted civilian areas of the Gaza Strip, leading to a refugee and humanitarian crisis in the region. On 13 April 2024, in retaliation for an Israeli military strike on Iran’s consulate in Damascus, Iran launched hundreds of projectiles at Israel, representing the first such direct attack from Iran on Israel. On 3 May 2024, Türkiye imposed a ban on trade with Israel. The impact of this conflict, including whether other actors (such as the United States, Egypt and/or other nations) might participate directly, is uncertain; *however*, this instability has impacted investors’ confidence in the Middle East, which might negatively impact Türkiye and/or Turkish issuers.

The last sentence of the second paragraph of the section titled “Risk Factors - Risks Relating to Türkiye – Economic Conditions – Turkish Economy” on page 19 of the Original Offering Circular is hereby amended to read as follows:

On 8 August 2024, the Central Bank published an inflation report indicating an inflation forecast of 38.0%, 14.0% and 9.0% at the end of 2024, 2025 and 2026, respectively; *however*, many market participants have published higher forecasts, including in the near term.

The last sentence of the fifth paragraph of the section titled “Risk Factors - Risks Relating to Türkiye - Economic Conditions - Turkish Economy” starting on page 19 of the Original Offering Circular is hereby amended to read as follows:

Seeking normalisation after the presidential elections in May 2023, the Central Bank’s new administration increased the rate to 15.00% and then raised it again in multiple steps to 50.00% as of 23 August 2024; *however*, such rate remained below the level of inflation as of such date.

The fifth and sixth sentences of the first paragraph of the section titled “Risk Factors - Risks Relating to Türkiye – Economic Conditions – Inflation” on page 22 of the Original Offering Circular (such fifth sentence having been inserted by the First Supplement) are hereby amended to read as follows:

As of July 2024, such CPI and domestic producer price inflation rates had changed to 61.8% and 41.4%, respectively. On 8 August 2024, the Central Bank published an inflation report indicating an inflation forecast of 38.0%, 14.0% and 9.0% at the end of 2024, 2025 and 2026, respectively; *however*, many market participants have published higher forecasts, including in the near term.

Clause (g) of the first paragraph of the section titled “Risk Factors - Risks Relating to the Group and its Business – Turkish Regulatory and Other Matters – Banking Regulatory Matters” on page 24 of the Original Offering Circular is hereby amended to read as follows:

(g) on 10 June 2022, the Central Bank issued the Communiqué on the Maintenance of Turkish Lira Securities for Foreign Currency Liabilities (the name of which was later changed to Communiqué on the Maintenance of Securities) (as amended, the “*Communiqué on the Maintenance of Securities*”) to require Turkish banks to maintain Turkish Lira-denominated securities for their foreign currency deposit and participation funds, funds from foreign exchange-denominated repo transactions, precious metal deposit accounts, securities issued by entities (other than financial institutions) held by such banks, and Turkish Lira-denominated commercial cash loans; *provided* that the following are excluded: (i) loans provided to SMEs, tradesmen, financial institutions and/or certain governmental authorities and their subsidiaries and (ii) export and investment loans, agricultural loans, consumer loans and corporate credit cards; pursuant to this regulation, Turkish banks are required to (subject to certain calculations and exceptions): (A) use long-term Turkish Lira-denominated securities issued by the Turkish government (including lease certificates issued by Undersecretariat of Treasury Asset Leasing Company) as reserves equal to 10% of the amount of the foreign currency deposits, participation funds, funds from foreign exchange-denominated repo transactions, and precious metals accounts and 30% of the amount of such Turkish Lira-denominated commercial cash loans, and securities issued by entities (other than financial institutions) held by such banks and (B) provide a small amount of additional reserves for foreign exchange deposits and participation funds held by natural and legal

persons based upon the conversation rate of such persons' foreign currency accounts to Turkish Lira accounts (this regulation was repealed as of 9 May 2024 and thus is only applicable to the BRSA Annual Financial Statements as of and for the year ended 31 December 2023) (see also "Turkish Regulatory Environment - Liquidity and Reserve Requirements" with respect to certain other actions taken since August 2022),

Clause (i) of the first paragraph of the section titled "Risk Factors - Risks Relating to the Group and its Business – Turkish Regulatory and Other Matters – Banking Regulatory Matters" starting on page 24 of the Original Offering Circular is hereby amended to read as follows:

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

The fourth and fifth sentences of the fourth paragraph of the section titled "Risk Factors - Risks Relating to the Group and its Business - Credit Risks - Counterparty Credit Risk" on page 26 of the Original Offering Circular (as amended by the First Supplement) are hereby amended to read as follows:

The Group's NPL ratio changed from 4.2% as of 31 December 2021 to 2.5% as of 31 December 2022, 1.7% as of 31 December 2023 and 2.1% as of 30 June 2024 and the Stage 2 loans to performing loans ratio changed from 8.9% as of 31 December 2021 to 9.8% as of 31 December 2022, 10.2% as of 31 December 2023 and 9.8% as of 30 June 2024. The Group's expected credit losses increased to TL 12,125 million in 2023 from TL 5,096 million in 2022, which itself had increased from TL 3,311 million in 2021 (in the first two quarters of 2024, the expected credit losses decreased to TL 6,321 million from TL 7,065 million in the same period of the previous year).

The second sentence of the first paragraph of the section titled "Risk Factors - Risks Relating to the Group and its Business - Credit Risks – Government Default" on page 28 of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

As of 30 June 2024, 99.4% of the Group's investment securities (net) (17.9% of its total assets and equal to 235.3% of its total shareholders' equity) was invested in Turkish government debt securities (99.6%, 16.8% and 209.3% respectively, as of 31 December 2023, 99.7%, 16.4% and 230.1%, respectively, as of 31 December 2022 and 98.6%, 12.7% and 220.5%, respectively, as of 31 December 2021) (the Group did not have any material loans to Turkish government or state-controlled entities as of any of such dates).

The following is hereby inserted before the last sentence of the third paragraph of the section titled "Risk Factors - Risks Relating to the Group and its Business - Credit Risks – Government Default" on page 28 of the Original Offering Circular:

On 19 July 2024, Moody's upgraded Türkiye's sovereign rating to "B1" (with a positive outlook).

The fifth sentence of the first paragraph of the section titled "Risk Factors - Risks Relating to the Group and its Business - Market Risks - Foreign Exchange and Currency Risk" on page 29 of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

As a reference, the Turkish Lira depreciated against the U.S. dollar by 43.4% in 2021, 28.7% in 2022 and 36.6% in 2023 before depreciating by a further 11.0% in 2024 through 31 July 2024.

The second sentence of the fourth paragraph of the section titled “Risk Factors - Risks Relating to the Group and its Business - Market Risks - Foreign Exchange and Currency Risk” on page 30 of the Original Offering Circular (such sentence having been inserted via the First Supplement) is hereby amended to read as follows:

The shares of Turkish Lira-denominated assets and liabilities in the Group’s balance sheet were 36.3% and 42.0%, respectively, as of 30 June 2024.

The last sentence of the fifth paragraph of the section titled “Risk Factors - Risks Relating to the Group and its Business - Market Risks - Foreign Exchange and Currency Risk” on page 30 of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

As of 30 June 2024, foreign currency-denominated loans (including applicable lease receivables and factoring receivables) comprised 32.6% of the Group’s loan portfolio (of which U.S. dollar-denominated obligations were the most significant) (42.6%, 31.7% and 31.5%, respectively, as of 31 December 2021, 2022 and 2023).

The second sentence of the first paragraph of the section titled “Risk Factors - Risks Relating to the Group and its Business - Market Risks – Interest Rate Risk” on page 30 of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

Net interest income is the principal source of income for the Group, representing 81.7% of the Group’s operating income for the first two quarters of 2024 (93.1%, 82.6% and 51.3%, respectively, for the full years 2021, 2022 and 2023) and the net interest margin was 7.4% in the first two quarters of 2024 (5.7%, 9.7% and 5.9%, respectively, for the full years 2021, 2022 and 2023).

The first sentence of the first paragraph of the section titled “Risk Factors - Risks Relating to the Group and its Business - Market Risks - Reduction in Earnings on Investment Securities” on page 31 of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

The Group has historically generated a portion of its interest income from its investment securities, with interest income derived from the Group’s investment securities in 2021, 2022, 2023 and the first two quarters of 2024 accounting for 17.7%, 33.7%, 27.3% and 20.3%, respectively, of its total interest income and 15.0%, 29.7%, 22.4% and 16.5%, respectively, of its gross operating income (*i.e.*, total interest income and fees and commission income before deducting interest expense and fee and commission expense).

The third sentence of the third paragraph of the section titled “Risk Factors - Risks Relating to the Group and its Business - Funding Risks – Liquidity Risk” on page 31 of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

The Group’s loans-to-deposits ratio was 95.4%, 94.4%, 98.2% and 102.0%, respectively, as of 31 December 2021, 2022 and 2023 and 30 June 2024.

The fifth sentence of the fourth paragraph of the section titled “Risk Factors - Risks Relating to the Group and its Business - Funding Risks – Liquidity Risk” on page 32 of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

The Group’s non-deposit funding (which includes repos and money market funds, funds borrowed, subordinated debt instruments and marketable securities issued) was equivalent to 25.3%, 20.5%, 23.3% and 27.7%, respectively, of its assets as of 31 December 2021, 2022 and 2023 and 30 June 2024.

The second sentence of the fifth paragraph of the section titled “Risk Factors - Risks Relating to the Group and its Business - Funding Risks – Liquidity Risk” on page 32 of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

The Group’s total foreign currency-denominated borrowings (*i.e.*, the sum of foreign currency-denominated funds borrowed, money market funds, marketable securities issued and subordinated debt instruments) equalled 22.1%, 17.9%, 21.0% and 22.4%, respectively, of its assets as of 31 December 2021, 2022 and 2023 and 30 June 2024.

The first paragraph of the section titled “Risk Factors - Risks Relating to the Group and its Business - Operational Risks – Risk Management” on page 34 of the Original Offering Circular is hereby amended to read as follows:

In the course of its business activities, the Group is exposed to a variety of risks, including (*inter alia*) credit risk, market risk, liquidity risk and operational risk (each as separately discussed in these “Risk Factors”). Any material deficiency in the Group’s risk management or other internal control policies or procedures might expose it to significant risk, which in turn might have a material adverse effect on the Group’s business, results of operations and/or financial condition (including due to any negative effect on its reputation). If circumstances arise that the Group has not identified or anticipated adequately, if the security of its risk management systems is compromised or if its risk policies or procedures have material deficiencies, including any of the above relating to the environment (including as a result of the operations of its customers and other counterparties), then the Group’s losses from such risks might be greater than expected, which might have a material adverse effect on the Group’s business, financial condition and/or results of operations.

The two paragraphs of the section titled “Risk Factors - Risks Relating to the Group and its Business - Operational Risks – Money Laundering and Terrorist Financing” starting on page 35 of the Original Offering Circular are hereby amended to read as follows:

Although the Group has adopted various policies and procedures, and has put in place systems (including internal controls, “know your customer” rules and transaction monitoring), aimed at preventing money laundering and terrorist financing, and seeks to adhere to all requirements under Turkish law and international standards aimed at preventing it from being used as a vehicle for money laundering or terrorist financing, these policies and procedures might not be completely effective. Moreover, to a certain extent, the Group must rely upon correspondent banks to maintain and properly apply their own appropriate anti-money laundering, “know your customer” and terrorist financing policies and procedures. If the Group does not comply with timely reporting requirements or other anti-money laundering or anti-terrorist financing laws and/or is associated with money laundering and/or terrorist financing, then its business, financial condition and/or results of operations might be adversely affected, including in manners that significantly exceed the actual value of the underlying transaction. In addition, involvement in such activities might carry criminal penalties or regulatory fines and sanctions (including being put on any “blacklists” that would prohibit certain parties from engaging in transactions with the Group) and might severely harm the Group’s reputation, each of which might have a material effect on the Group’s business, financial condition and/or results of operations.

RECENT DEVELOPMENTS

The section titled “Recent Developments” inserted by the First Supplement into the Original Offering Circular after the section titled “Capitalisation of the Group” on page 60 of the Original Offering Circular is hereby amended to read as set out in [Exhibit A](#).

THE GROUP AND ITS BUSINESS

The last two sentences of the sixth paragraph of the section titled “The Group and its Business – Enpara.com” starting on page 76 of the Original Offering Circular are hereby amended to read as follows:

On 23 August 2024, Enpara Bank A.Ş. obtained, following the completion of the audit process, its operational licence from the BRSA. An application is intended to be made to the BRSA, the CMB and other entities from which permission is required to carry out a spin-off of Enpara operations from the Bank.”

The fifth paragraph of the section titled “The Group and its Business - Anti-Money Laundering, Combatting the Financing of Terrorism and Anti-Bribery Policies” on page 83 of the Original Offering Circular is hereby amended to read as follows:

In October 2014, the OECD’s Working Group on Bribery adopted the Phase 3 Report on Implementing the OECD Anti-Bribery Convention. In this report, the OECD Working Group expressed concerns about Türkiye’s low level of anti-bribery enforcement and recommended that Türkiye improve its efforts to proactively detect, investigate and prosecute allegations of foreign bribery. The OECD Working Group also expressed concern regarding certain deficiencies in Türkiye’s corporate liability legislation and enforcement against legal persons and made several recommendations to address these concerns.

In addition, on 21 October 2021, the Financial Action Task Force (the “*FATF*”) placed Türkiye on the so-called “grey list” of countries in need of elevated supervision of its legal framework for combatting terrorism and money laundering. The FATF cited concerns about inadequate supervision of Türkiye’s banking and real estate sectors and dealers in gold and precious stones, including having undertaken insufficient prosecutorial efforts against violators (including freezing of assets). Consequently, to reflect Türkiye’s progress, the FATF re-rated the country on 30 November 2021 on some recommendations and changed the rating of four recommendations from partially compliant to largely compliant. On 10 May 2022, the FATF re-rated the country and changed the rating of one recommendation from partially compliant to compliant and two recommendations from partially compliant to largely compliant. On 27 October 2023, the FATF acknowledged Türkiye’s progress while highlighting that, although previous deadlines have expired, Türkiye should continue to work on implementing its action plan to address one remaining strategic deficiency, specifically by confiscating assets related to terrorist financing. On 23 February 2024, the FATF announced that Türkiye had completed a significant part of its action plan, which progress warranted a site visit to be conducted before June 2024. On 28 June 2024, Türkiye was removed from the “grey list.”

The table of the Moody’s credit ratings on page 85 of the Original Offering Circular in the section titled “The Group and its Business – Credit Ratings” are hereby amended to read as follows:

Moody’s (23 July 2024)

Long-term Foreign Currency Deposit Rating/Outlook:	Ba3 / Positive
Short-term Foreign Currency Deposit Rating:	Not Prime
Long-term Local Currency Deposit Rating/Outlook:	Ba2 / Positive
Short-term Local Currency Deposit Rating:	Not Prime
Senior Foreign Currency Unsecured Debt Rating:	B1
BCA (Baseline Credit Assessment):	b2
Adjusted BCA:	ba2
Subordinate:	B1 (hyb)

TURKISH REGULATORY ENVIRONMENT

The following sentence is hereby added at the end of the fourth paragraph of the section titled “Turkish Regulatory Environment – Capital Adequacy” on page 121 of the Original Offering Circular:

On 27 June 2024, in announcing that it is implementing the “Basel III: Finalising Post Crisis Reforms” published by the Basel Committee, the BRSA published the: (i) Draft Communiqué on the Calculation of the Amounts Subject to Operational Risk, (ii) Draft Regulation on the Measurement and Evaluation of the Interest Rate Risk Originated from Banking Accounts in Accordance with the Standard Approach and (iii) Draft Guide on Management of the Interest Rate Risk Originated from Banking Accounts.

The fourth paragraph of the section titled “Turkish Regulatory Environment – Liquidity and Reserve Requirements” on page 130 of the Original Offering Circular is hereby amended to read as follows:

Furthermore, pursuant to the Communiqué Regarding Reserve Requirements, a bank might be required to establish additional financial reserves as described in clause (i) of the first paragraph of “Risk Factors - Risks Relating to the Group and its Business – Turkish Regulatory and Other Matters – Banking Regulatory Matters.”

The ninth and tenth paragraphs of the section titled “Turkish Regulatory Environment – Liquidity and Reserve Requirements” starting on page 131 of the Original Offering Circular are hereby amended to read as follows:

On 15 January 2023, the Central Bank amended the Communiqué Regarding Reserve Requirements so that (starting with the maintenance period starting on 3 February 2023), the reserve requirement rate for Turkish Lira deposit accounts and participation accounts held by certain customers with maturities longer than three months was 0%. Additionally, should there be an increase (compared to 6 January 2023, based upon a calculation to be made on the last Friday of every two-week period) in a bank’s foreign currency-denominated liabilities with maturities longer than six months provided directly from abroad, the reserve requirement rate for such increased amount is 0% until 20 December 2024. On 24 May 2024, the Central Bank amended such reserve requirement rates (effective retroactively to 10 May 2024) as follows: (a) the mandatory reserve requirement rate for on demand deposits, notice deposit, deposits with a maturity of up to (and including) three months was increased to 12% from 8% and (b) the mandatory reserve requirement rate for deposits and participation accounts with a maturity longer than three months was increased to 8% from 0%.

On 14 September 2023, the Central Bank amended the Communiqué Regarding Reserve Requirements (effective as of 1 September 2023) to oblige banks to hold mandatory reserves at the rate of 25% for the foreign exchange protected Turkish Lira-denominated deposit accounts with an original maturity up to (and including) six months and 5% for those with a longer maturity; *however*, on 2 November 2023, the Central Bank further amended the Communiqué Regarding Reserve Requirements (effective as of 27 October 2023) and increased such rates by 500 basis points. On 30 January 2024, the Central Bank decreased back to 25% the mandatory reserve rate for foreign exchange protected Turkish Lira-denominated deposit accounts with an original maturity up to (and including) six months. On 24 May 2024, the Central Bank further amended such rule (effective retroactively to 10 May 2024) as follows: (a) the mandatory reserve requirement rate for the foreign exchange protected Turkish Lira-denominated deposit accounts with an original maturity up to (and including) six months was increased to 33% from 25% and (b) the mandatory reserve requirement rate for foreign exchange protected Turkish Lira-denominated deposit accounts with an original maturity over six months was increased to 22% from 10%.

On 20 August 2023, the Central Bank again amended the Communiqué Regarding Reserve Requirements (effective as of 18 August 2023) to increase reserve requirement ratios for foreign currency-denominated deposits and participation funds (excluding those obtained from banks abroad) on demand or with a maturity up to (and including) one month from 25% to 29%, and on 2 November 2023 (effective as of 27 October 2023) increased again from 29% to 30%. In addition to such funds, on 2 November 2023, the Central Bank amended the Communiqué Regarding Reserve Requirements (effective as of 27 October 2023) to increase reserve requirement ratios also for foreign currency-denominated deposits and participation funds (excluding those obtained from banks abroad) with a maturity of: (a) more than one month up to (but excluding) one year from 25% to 26% and (b) one year or greater from 19% to 20% and also introduced an additional reserve requirement of 4% (to be deposited in Turkish Lira) for all foreign currency-denominated deposits and participation funds (excluding those obtained from banks abroad) regardless of their maturities, which was then increased to 8% by an amendment to the Communiqué Regarding Reserve Requirements on 30 January 2024. On 7 March 2024, the Central Bank again amended the Communiqué Regarding Reserve Requirements so that, if the growth rate for certain categories of cash loans (*i.e.*, general purpose loans, vehicle loans and certain types of commercial loans) extended by a bank or financing company for any four-week calculation period (beginning with the first such period ending 29 March 2024 through the four-week calculation period ending 3 January 2025) exceeds 2% (which itself was amended on 20 July 2024 to 1.5% with respect to foreign currency loans) (each category of loans being considered separately) when compared to the amount of such category of cash loans as of the end of the previous four-week calculation period, then such bank or financing company is required to maintain additional blocked Turkish Lira reserves in an amount equal to such excess (on 23 May 2024, the Central Bank announced that, if a bank's monthly foreign currency loan growth exceeds such threshold, then it will be required to set aside a mandatory reserve equal to the Turkish Lira-equivalent of the excess amount, with such excessing to be blocked for one year). On 9 May 2024, the Central Bank further amended the Communiqué Regarding Reserve Requirements to exempt from these rules banks and financial institutions that do not meet a threshold based upon the proportion of loans to the size of the balance sheet as determined from time to time by the Central Bank.

Pursuant to the Regulation on the Maintenance of Securities, effective from 24 June 2022, each Turkish bank is required to hold with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government (including lease certificates issued by Undersecretariat of Treasury Asset Leasing Company) for the foreign currency deposits, participation funds and precious metals accounts held with such bank (excluding those of certain depositors, including the Central Bank itself, the Turkish Treasury, certain other governmental entities, other Turkish banks and non-citizens, and such deposits/funds/accounts funded by foreign direct investments as determined by the Central Bank) as well as the funds from foreign exchange-denominated repo transactions. Pursuant to the Regulation on the Maintenance of Securities, each Turkish bank was required to hold an amount of such securities equal to 1% (decreased from 4% to 1% pursuant to an amendment effective as of 29 March 2024) of the amount of the foreign currency deposits, participation funds and precious metals accounts held by the relevant customers with such bank as well as the funds from foreign exchange-denominated repo transactions.

Clause (c) of the twelfth paragraph of the section titled "Turkish Regulatory Environment – Liquidity and Reserve Requirements" starting on page 131 of the Original Offering Circular and the sentence thereafter are hereby amended to read as follows:

(c) if a bank's Turkish Lira-denominated commercial cash loan growth (excluding such excluded loans) during each calculation period from 27 January 2023 to 23 February 2024 compared to the previous calculation period was higher than 2.5% for commercial loans, then such bank is required to hold (for a 12-month period) with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish

government in an amount equal to the amount over such rate (the rate was reduced to 2% as of 29 March 2024).

Additionally, the 20 August 2022 amendment provides that, for Turkish Lira-denominated commercial loans extended from 20 August 2022 to and including 30 December 2022, a Turkish bank is required (based upon a calculation to be made on the last Friday of every month) to hold with the Central Bank long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to: (i) 20% of the amount of Turkish Lira-denominated commercial cash loans (excluding the above-noted excluded loans) extended during such period at an annual compound interest rate from and including 1.4 times to (and including) 1.8 times higher than the Central Bank-released annual compound reference rate and (ii) 90% of the amount of such loans for which their annual compound interest rate is more than 1.8 times higher than such Central Bank rate.

The last paragraph of the section titled “Turkish Regulatory Environment – Liquidity and Reserve Requirements” on page 133 of the Original Offering Circular (as amended by the First Supplement) is hereby amended to read as follows:

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

EXHIBIT A

RECENT DEVELOPMENTS

The Bank published its unaudited consolidated and unaudited BRSA Financial Statements as of and for the six-month period ended 30 June 2024 (*i.e.*, the BRSA Interim Financial Statements) on 29 July 2024. The following tables set out certain information regarding the Group as of (or for the six-month periods ended on) the indicated dates. The following financial information of the Group has been extracted from the Group's BRSA Interim Financial Statements without material adjustment. These tables should be read in conjunction with the Group's BRSA Interim Financial Statements (including the notes therein) incorporated by reference into this Offering Circular.

	For the six months ended 30 June	
	2023	2024
	<i>(TL thousands)</i>	
Income Statement Data:		
Interest income	44,602,401	133,892,951
Interest expense	(32,378,550)	(99,479,974)
Net interest income/(expense)	12,223,851	34,412,977
Fees and commissions received	8,309,878	30,359,050
Fees and commissions paid	(2,787,954)	(7,331,907)
Net fees and commissions income/(expenses)	5,521,924	23,027,143
Net trading income/loss (net).....	12,179,110	(15,561,349)
Other operating income	1,710,819	234,178
Dividend income.....	11,823	19,037
Total operating gross profit.....	31,647,527	42,131,986
Other operating expenses (including other provision expenses and personnel expenses) .	(9,703,274)	(17,007,873)
Expected credit losses.....	(7,065,159)	(6,321,409)
Free provisions ⁽¹⁾	(600,000)	2,100,000
Income/loss from investments under equity accounting.....	-	-
Operating profit/loss before taxes.....	14,279,094	20,902,704
Provisions for taxes of continued operations	(284,500)	(3,444,130)
Net profit/(loss)	13,994,594	17,458,574

(1) As such free provisions are not permitted under the BRSA Principles, the Group's independent auditors noted this departure in the BRSA Annual Financial Statements by qualifying their opinion. Should the Bank's management determine that market conditions have improved to such an extent that such additional provisions are not required, then they might elect to reverse such provisions in future periods, which would have the result of increasing income in such period.

	As of 31 December 2023	As of 30 June 2024
	<i>(TL thousands)</i>	
Balance Sheet Data:		
Cash and balances with the Central Bank	162,579,711	208,964,989
Financial assets measured at fair value through profit or loss (net)	14,594,129	15,848,184
Banks	17,812,852	23,559,116
Money market placement ⁽¹⁾	5,736,581	1,004
Loans and receivables (net) ⁽²⁾	602,746,166	756,588,885
Investment securities (net) ⁽³⁾	171,456,184	233,985,231
Investment in associates (net) ⁽⁴⁾	187,930	188,487
Property and equipment (net) ⁽⁵⁾	14,610,601	15,226,425
Intangible assets (net)	4,023,849	5,574,275
Current tax asset	-	-
Deferred tax asset ⁽⁶⁾	6,789,895	8,725,206
Other assets	22,884,281	29,091,459
Total assets	1,023,422,179	1,297,753,261
Bank deposits	25,583,901	29,461,968
Deposits from customers ⁽⁷⁾	605,143,635	729,052,286
Money market borrowings	31,098,347	89,695,757
Funds borrowed	127,865,163	159,558,735
Other liabilities and provisions ⁽⁸⁾	70,617,363	76,490,591
Securities issued (net)	52,036,959	79,790,112
Subordinated debt instruments	26,948,856	30,841,521
Current tax liability	2,493,475	3,962,715
Deferred tax liability	-	12,198
Total liabilities	941,787,699	1,198,865,883
Paid-in capital	3,350,000	3,350,000
Share premium	714	714
Other comprehensive income/expense items to be reclassified to profit or loss	(439,296)	(634,084)
Other comprehensive income/expense items not to be reclassified to profit or loss ..	7,329,944	7,319,056
Other capital reserves	-	-
Profit reserves	38,203,368	71,376,333
Profit / (loss)	33,172,965	17,456,229
Total equity attributable to equityholders of the parent shareholder	81,617,695	98,868,248
Minority interest	16,785	19,130
Total shareholders' equity	81,634,480	98,887,378
Total liabilities and shareholders' equity	1,023,422,179	1,297,753,261
Off-balance sheet commitments and contingencies	779,759,713	1,052,674,711

(1) Referred to as "receivables from money market" in the BRSA Annual Financial Statements.

(2) Includes lease receivables and factoring receivables.

(3) Represents the total of investment securities measured at fair value through other comprehensive income (net) and investment securities measured at amortised cost (net).

(4) Represents the total of investment in associates (net), investment in subsidiaries (net) and entities under common control (joint ventures) (net).

(5) Referred to as "tangible assets (net)" in the BRSA Annual Financial Statements.

(6) Referred to as "deferred tax assets" in the BRSA Annual Financial Statements.

(7) Referred to as "other deposits" in the BRSA Financial Statements.

(8) Represents the total of derivative financial liabilities for hedging purposes, derivative financial liabilities for trading, provisions and other liabilities.

With respect to earnings, during the first two quarters of 2024, the Group's: (a) net interest margin was 7.4%, increasing from 4.3% during the same period of the previous year, (b) cost-to-income ratio was 40.4%, increasing from 30.7% during the same period of the previous year, (c) return on average total assets was 3.0%, decreasing from 4.1% during the same period of the previous year, and (d) return on average shareholders' equity was 38.4%, decreasing from 57.0% during the same period of the previous year.

With respect to loan quality, as of 30 June 2024, the Group's: (a) NPL ratio was 2.1%, increasing from 1.7% as of 31 December 2023, (b) specific provisions for loan losses to NPLs was 78.3%, decreasing from 80.8% as of 31 December 2023, and (c) specific provisions for loan losses to total loans was 1.7%, increasing from 1.5% as of 31 December 2023.

With respect to capital adequacy (as calculated pursuant to the BRSA's guidelines), as of 30 June 2024, the Group's: (a) Tier 1 regulatory capital as a percentage of risk-weighted assets and market risk was 11.6%, decreasing from 13.2% as of 31 December 2023, (b) total regulatory capital as a percentage of risk-weighted assets and market risk was 14.0%, decreasing from 15.9% as of 31 December 2023, and (c) average shareholders' equity excluding minority interest as a percentage of average total assets was 7.8%, increasing from 7.4% as of 31 December 2023.

With respect to the Group's total capitalisation (calculated in the same manner as in the table in the section titled "Capitalisation") as of 30 June 2024, this had increased to TL 282,105,775 thousand from TL 216,766,208 thousand as of 31 December 2023. As of 23 August 2024, there was no significant change in total capitalisation since 30 June 2024.