SECOND SUPPLEMENT TO THE BASE PROSPECTUS DATED 2 MARCH 2023
THE DATE OF THIS SUPPLEMENT IS 16 AUGUST 2023

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
U.S.$2,000,000,000
Global Medium Term Note Programme

This base prospectus supplement ("**Supplement**") constitutes a supplement for the purposes of Article 23 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and is prepared in relation to the U.S.$2,000,000,000 Global Medium Term Note Programme (the "**Programme**") of Türkiye Sınai Kalkınma Bankası A.Ş. (the "**Bank**" or the "**Issuer**").

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus dated 2 March 2023 (the "**Base Prospectus**") and the first base prospectus supplement dated 21 July 2023 (the "**First Supplement**"), and all documents which are incorporated herein or therein by reference. Unless the context otherwise requires, terms defined in the Base Prospectus and the First Supplement shall have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland, as the competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of the Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into this Supplement and (b) any statement in or incorporated by reference in the Base Prospectus, the statements referred to in (a) will prevail.

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

Save as disclosed in this Supplement, no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

This Supplement will be available on the website of Euronext Dublin at http://live.euronext.com. In addition, copies of this Supplement and the documents incorporated by reference herein will also be available in electronic format on the Issuer's website (*http://www.tskb.com.tr/en*).

PURPOSE OF THIS SUPPLEMENT

The purpose of this Supplement is to:

(i) supplement the information under the heading "Presentation of Financial and Other Information – Presentation of Financial Information" on page 3 of the First Supplement;

(ii) incorporate by reference into the Base Prospectus the Group's 2023 Q2 Consolidated Interim Financial Statements and the Issuer's 2023 Q2 Unconsolidated Interim Financial Statements (each as defined below);

(iii) amend and supplement the following Risk Factors:

  (i) "Risks Related to Türkiye – Economic Conditions – Inflation – Türkiye's economy is subject to significant inflationary pressures" on pages 4 and 5 of the First Supplement;

  (ii) "Risks Related to the Group and its Business – Credit Risks – Credit Risk – The Group is subject to credit risk in relation to its borrowers and other counterparties" on page 5 of the First Supplement;

  (iii) "Risks Related to the Group and its Business – Credit Risks – Loan Concentrations – A significant percentage of the Group's loan portfolio consists of project finance and energy loans" on pages 5 and 6 of the First Supplement;

  (iv) "Risks Related to the Group and its Business – Credit Risks – Government Default – The Group has a significant portion of its assets invested in Turkish government debt, making it highly dependent upon the continued credit quality of, and payment of its debts by, the Turkish government" on page 6 of the First Supplement;

  (v) "Risks Related to the Group and its Business – Market Risks – Foreign Exchange and Currency Risk – The Group is exposed to foreign exchange and currency risks and further devaluations of the Turkish Lira may adversely impact the Bank's business, results of operation and financial condition" on page 6 of the First Supplement;

  (vi) "Risks Related to the Group and its Business – Market Risks – Interest Rate Risk – The Group may be negatively affected by volatility in interest rates" on page 7 of the First Supplement;

  (vii) "Risks Related to the Group and its Business – Market Risks – Reduction in Earnings on Securities Portfolio – The Group may not be able to sustain the level of earnings on its securities portfolio obtained during recent years" on page 7 of the First Supplement;

  (viii) "Risks Related to the Group and its Business – Funding Risks – Reliance on Government Support – The Bank obtains significant funding through loans guaranteed by the Turkish government, any change in the practices or creditworthiness of which could materially negatively impact the Bank and its funding from development financial institutions ("DFIs")" on page 7 of the First Supplement;

  (ix) "Risks Related to the Group and its Business – Funding Risks – Reliance on DFIs – The Group relies to a significant extent on DFIs for financing, which exposes the Group to significant risk should such funding cease to be available" on page 7 of the First Supplement;

  (x) "Risks Related to the Group and its Business – Funding Risks – Liquidity Risk – The Group is subject to liquidity and financing risk" on page 8 of the First Supplement;

(xi) "Risks Related to the Group and its Business – Funding Risks – Access to Capital – The Group may not be able to meet minimum capital adequacy requirements and/or may have difficulty raising capital on acceptable terms, if at all" on page 8 of the First Supplement;

(xii) "Risks Related to the Group and its Business – Operational Risks – Profitability – The Group's profitability and profitability growth in recent years may not be sustainable as a result of regulatory, competitive and other factors impacting the Turkish banking sector" on page 8 of the First Supplement; and

(xiii) "Risks Related to the Group and its Business – Other Group Related Risks – Audit Qualification – The audit and review reports in relation to the Group's BRSA Financial Statements financial statements include a qualification" on page 8 of the First Supplement;

(iv) supplement the "Management's Discussion and Analysis of Financial Condition and Results of Operations" for certain developments on page 189 of the Base Prospectus;

(v) amend and supplement the information under the heading "Business of the Group – Lending Policies and Procedures – Portfolio Supervision and Non-Performing Loans ("NPLs")" on page 21 of the First Supplement;

(vi) amend and supplement the "Turkish Regulatory Environment" section beginning on page 255 of the Base Prospectus;

(viii) delete and replace the information under the heading "Significant or Material Change" on page 25 in the section entitled "General Information" of the First Supplement; and

(ix) supplement the information under the heading "Independent Auditors" on pages 25 and 26 in the section entitled "General Information" of the First Supplement.

PRESENTATION OF FINANCIAL INFORMATION

The 2023 Q2 Consolidated Interim Financial Statements (as defined below) and the 2023 Q2 Unconsolidated Interim Financial Statements (as defined below) have been prepared in accordance with BRSA Principles and have been reviewed by EY in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

DOCUMENTS INCORPORATED BY REFERENCE

By virtue of this Supplement:

(i) the independent auditors' review report and consolidated unaudited financial statements of the Group as of and for the six months ended 30 June 2023 published on 31 July 2023 (the "**2023 Q2 Consolidated Interim Financial Statements**") (available at https://www.tskb.com.tr/uploads/file/june-2023-consolidated-report.pdf); and

(ii) the independent auditors' review report and unconsolidated unaudited financial statements of the Issuer as of and for the six months ended 30 June 2023 published on 31 July 2023 (the "**2023 Q2 Unconsolidated Interim Financial Statements**") (available at https://www.tskb.com.tr/uploads/file/june-2023-audit-report.pdf),

which have previously been published and have been filed with the Central Bank of Ireland, shall be incorporated in, and form part of, the Base Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference do not (and shall not be deemed to) form part of this Supplement for the purposes of the Prospectus Regulation except where such information or other documents are specifically incorporated by reference.

RISK FACTORS

RISKS RELATED TO TÜRKIYE

ECONOMIC CONDITIONS

Inflation – Türkiye's economy has been subject to significant inflationary pressures in the past and may become subject to significant inflationary pressures in the future

The first paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"Inflation in Türkiye has increased in recent years, with significant increases in 2021 and 2022. CPI was 64.27 per cent., 36.08 per cent. and 14.60 per cent. in 2022, 2021 and 2020 respectively. PPI was 97.72 per cent., 79.89 per cent. and 25.15 per cent. in 2022, 2021 and 2020 respectively. As at 30 June 2023, CPI was 38.21 per cent., primarily driven by pass-through effects from the depreciation of the Turkish Lira, rising food and durable goods prices. In response to high inflation and the depreciating Turkish Lira, the CBRT implemented a number of stabilising measures and adopted a tighter monetary policy, increasing its main policy rate to 19.0 per cent. on 18 March 2021. This rate was last lowered to 8.5 per cent. on 23 February 2023 then raised to 15 per cent. on 21 June 2023 and further raised to 17.5 per cent. on 20 July 2023. In the twelve months to November 2022, Türkiye's CPI and PPI increased by 84.4 per cent. and 136.0 per cent., respectively, as compared to the twelve months to November 2021. On 27 July 2023, the CBRT released the third Inflation Report of 2023 which stated that inflation is projected to be 58.0 per cent. at the end of 2023 and expected to fall to 33.0 per cent. by the end of 2024 and 15.0 per cent. by the end of 2025. The decreasing inflation path implied by the forecasts assumes that commodity prices will gradually converge to their historical averages due to slowing global demand amid tight financial conditions, and therefore foreign currency denominated import prices will decline. Additionally, Mrs. Hafize Gaye Erkan, a former U.S. banker, has been appointed as the CBRT chief."

RISKS RELATED TO THE GROUP AND ITS BUSINESS

CREDIT RISKS

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

The last two sentences of the fifth paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"As of 30 June 2023, the Group's total NPLs was TL 2.1 million and the Group's ratio of NPLs to total cash loans was 1.9 per cent. The Group's management expects no material change in the Bank's NPL status and the NPL ratio to be below 2.5 per cent. at the end of 2023."

Loan Concentrations – A significant percentage of the Group's loan portfolio consists of project finance loans and energy loans

The first paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"While in recent years the volume of smaller loans in the Group's loan portfolio has been increasing, significant concentrations still exist. As of 30 June 2023, 70.0 per cent. of the Group's loan portfolio consisted of project finance loans (72 per cent., 55 per cent. and 58 per cent. respectively, as of 31 December 2020, 2021 and 2022). As of 31 December 2022, 39.0 per cent. of the Group's loans were attributable to energy production (e.g., renewable energy projects such as hydro, wind, geothermal, biomass and solar power plant projects (see "*Business of the Group – Overview – Diversified Loan Portfolio*")) and 5.2 per cent. of the Group's loans were attributable to electricity/gas distribution sector."

The fourth paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"In addition to these sectoral concentrations, the share of the Bank's receivables from the top 10 borrower groups in the Bank's overall cash loan portfolio was 24.7 per cent. as of 30 June 2023 (28.5 per cent., 30.9 per cent. and 30.8 per cent., respectively, as of 31 December 2022, 2021 and 2020) while the top 20 constituted 42.2 per cent. of the Bank's loan portfolio as of the same date (44.7 per cent., 46.9 per cent. and 48.4 per cent., respectively, as of 31 December 2022, 2021 and 2020)."

Government Default – The Group has a significant portion of its assets invested in Turkish government debt, making it highly dependent upon the continued credit quality of, and payment of its debts by, the Turkish government

The second sentence of the first paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"As of 30 June 2023, 91.2 per cent. of the Group's total securities portfolio (equal to 18.2 per cent. of its total assets) was invested in securities issued by the Turkish government (93.7 per cent. and 20.5 per cent., respectively, as of 31 December 2022; 93.3 per cent. and 15.3 per cent., respectively, as of 31 December 2021; and 92.9 per cent. and 15.2 per cent., respectively, as of 31 December 2020)."

MARKET RISKS

Foreign Exchange and Currency Risk – The Group is exposed to foreign exchange and currency risks and further devaluations of the Turkish Lira may adversely impact the Bank's business, results of operation and financial condition

The second sentence of the first paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"For example, the Group had extended loans denominated in currencies other than Turkish Lira totalling the equivalent of TL 34,580 million, TL 59,216 million, TL 72,560 million and TL 99,746 million as of 31 December 2020, 2021, 2022 and 30 June 2023, respectively, representing 87.8 per cent., 91.9 per cent., 89.2 per cent. and 88.7 per cent., respectively, of the Group's total loans at such dates."

The second sentence of the third paragraph of the Risk Factor shall be deleted and replaced in its entirely with the following:

"In the six months ended 30 June 2023, the Turkish Lira depreciated by 39.1 per cent. against the U.S. dollar. The exchange rate amounted to TL 7.3405 per U.S. dollar as of 31 December 2020, TL 12.98 per U.S. dollar as of 31 December 2021 and TL 18.73 per U.S. dollar as of 31 December 2022 and TL 26.05 per U.S. dollar as of 30 June 2023."

Interest Rate Risk – The Group may be negatively affected by volatility in interest rates

The second sentence of the second paragraph of the Risk Factor shall be preceded by the insertion of the following:

"In the six months ended 30 June 2022 and 2023, net interest income contributed 82.1 per cent. and 65.9 per cent., respectively, of the Bank's operating income and net interest margin as measured on a Bank-only basis was 5.7 per cent. and 6.3 per cent., respectively, over the same periods."

The eighth sentence of the second paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"As of 30 June 2023, 91.2 per cent. of the Group's securities portfolio consisted of Turkish government debt securities, which accounted for 18.2 per cent. of the Group's total assets (93.7 per cent. and 20.5 per cent., respectively, as of 31 December 2022, 93.3 per cent. and 15.3 per cent., respectively, as of 31 December 2021 and 92.9 per cent. and 15.2 per cent., respectively as of 31 December 2020), approximately 67 per cent. of which consisted of fixed rate securities, the price of which changes in response to movements in interest rates."

Reduction in Earnings on Securities Portfolio – The Group may not be able to sustain the level of earnings on its securities portfolio obtained during recent years

The first sentence of the first paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"The Group has historically generated a significant portion of interest income from its securities portfolio, with interest income derived from the Group's securities portfolio in 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023 accounting for 23.2 per cent., 23.9 per cent., 39.9 per cent., 36.6 per cent. and 28.7 per cent., respectively, of its total interest income (and 21.4 per cent., 19.5 per cent., 33.7 per cent., 42.9 per cent. and 32.7 per cent., respectively, of its gross operating income before deducting interest expense and fee and commission expense)."

FUNDING RISKS

Reliance on Government Support – The Bank obtains significant funding through loans guaranteed by the Turkish government, any change in the practices or creditworthiness of which could materially negatively impact the Bank and its funding from development financial institutions ("DFIs")

The first sentence of the first paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"A significant portion of the Group's obligations are guaranteed by the Turkish Treasury (60.2 per cent. and 68.3 per cent. of its long-term loans including issuances of debt securities and 82.9 per cent. and 83.8 per cent. excluding issuances of debt securities as of 31 December 2022 and 30 June 2023, respectively), including all of its loans from the World Bank, which can only lend to companies that are beneficiaries of a sovereign guarantee."

Reliance on DFIs – The Group relies to a significant extent on DFIs for financing, which exposes the Group to significant risk should such funding cease to be available

The second sentence of the first paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"As of 30 June 2023, 68.0 per cent. (68.0 per cent., 64.4 per cent. and 66.0 per cent. as of 31 December 2022, 2021 and 2020, respectively) of the Group's total borrowing was sourced from DFIs and the remaining amount was sourced from syndicated loans, bilateral loans, issuances of debt securities and money market as well as repurchase ("**repo**") transactions."

Liquidity Risk – The Group is subject to liquidity and financing risk

The first sentence of the second paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"The Group, which is not legally empowered to receive deposits, relies primarily upon funds obtained from DFIs, which accounted for almost 72 per cent. of the Bank's borrowings as of 30 June 2023."

Access to Capital – The Group may not be able to meet minimum capital adequacy requirements and/or may have difficulty raising capital on acceptable terms, if at all

The fourth paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"The Bank's asset composition is concentrated in foreign currency-denominated loans, which makes the Bank's capital adequacy ratio sensitive to currency volatilities. As of 30 June 2023, the FC-denominated assets accounted for 80.8 per cent. of the balance sheet whereas FC-denominated liabilities accounted for 86.0 per cent. of the balance sheet. On these figures, a 10 per cent. depreciation of the Turkish Lira would lead to about 80 basis points decrease in the capital adequacy ratio. As of 30 June 2023 and 31 December 2022, the Group's total capital adequacy ratio was 21.50 per cent. and 22.40 per cent., respectively (21.72 per cent. and 22.43 per cent., respectively, for the Bank) and the decrease is primarily due to depreciation of the Turkish Lira."

OPERATIONAL RISKS

Profitability – The Group's profitability and profitability growth in recent years may not be sustainable as a result of regulatory, competitive and other factors impacting the Turkish banking sector

The first sentence of the first paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

"As of 30 June 2023, the Group's return on average total assets was 4.8 per cent. (compared to 3.1 per cent. for the sector according to the BRSA) and the return on its average equity was 43.2 per cent. (compared to 32.5 per cent. for the sector according to the BRSA) (4.1 per cent. and 41.1 per cent., respectively, for the Bank and 3.7 per cent. and 41.6 per cent., respectively, for the sector for the year ended 31 December 2022)."

OTHER GROUP RELATED RISKS

Audit Qualification – The audit and review reports in relation to the Group's BRSA Financial Statements financial statements include a qualification

The following shall be inserted immediately following the fourth paragraph of the Risk Factor:

"The accompanying consolidated financial statements as at 30 June 2023 include a free provision amounting to TL 1,600 thousand, of which TL 900 thousand were provided within prior periods and of which TL 700 thousand was provided in the six months ended 30 June 2023. This free provision was provided by the Bank management for the possible effects of the negative circumstances which may arise in the economy or market conditions. Since the above mentioned provisions do not meet the accounting requirements of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the "Other Provisions" for the period ended 30 June 2023 are understated by TL 700 thousand, while "retained earnings" and "net income" of 30 June 2023 are understated by TL 900 thousand and TL 700 thousand, respectively."

RECENT DEVELOPMENTS

The following shall be inserted immediately following the end of the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 189 of the Base Prospectus:

"The following summary financial and operating data for the six-month periods ended 30 June 2023 and 2022 and balance sheet information as of 30 June 2023 and 31 December 2022 have been extracted from the 2023 Q2 Consolidated Interim Financial Statements without material adjustment, except to the extent stated otherwise. This information should be read in conjunction with the 2023 Q2 Consolidated Interim Financial Statements (including the notes therein). Potential investors in the Notes should note that this section also includes certain financial information for the Bank only, which is extracted from the 2023 Q2 Unconsolidated Interim Financial Statements of the Bank without material adjustment. Such financial information is identified as being of "the Bank" in the description of the associated tables or information (rather than for the Group on a segmented basis).

Significant Factors Affecting the Group's Financial Condition and Results of Operations

The Group's business, financial condition and results of operations depend significantly upon macro-economic conditions in Türkiye. The impact of these and other potential factors may vary significantly in the future and many of these factors are outside the control of the Group. In addition to the factors described in the Base Prospectus, the Group's results of operations during the six months ended 30 June 2023 were principally affected by the factors described below.

The Group's results of operations and financial condition have also been and will continue to be significantly affected by Turkish political and economic factors, including changes in the Central Bank's monetary policy.

The Group's business, financial condition and results of operations have also been impacted by changes in CPI expectations and realizations in the market. For the income calculation of the CPI-linked bonds, the Group uses the own expectation (October to October) for the first 10 months of the year and realization for the reaming two months and adjust accordingly. The CPI realization was 85.5 per cent. as of 31 December 2022 and the CPI expectation is 49.9 per cent. as of 30 June 2023. Income gained from CPI-linked bonds increased to TL 1,386 million for the second quarter ended 30 June 2023 from TL 1,023 million for the second quarter ended 30 June 2022.

Loan growth in the Turkish banking sector increased in 2022 due to an increased demand for loans driven by a highly inflationary environment. Total loans and corporate loans in the banking sector increased by 18.9 per cent. and 14.0 per cent., respectively, in the six months ended 30 June 2023, while the Bank's total loans and corporate loans increased by 1.7 per cent. in the six months ended 30 June 2023 on a currency-adjusted basis. Corporate loans for private banks, the Bank's peer group, increased by 4.3 per cent. in the six months ended 30 June 2023.

The Group has experienced a significant increase in its Turkish Lira-denominated loan book portfolio in line with Turkish banking sector dynamics. For 2022, the Group extended new loans primarily in Turkish Lira, which resulted in a 67.0 per cent. increase in the Group's Turkish Lira loan book portfolio compared to 2021. The share of energy generation loans and foreign exchange loans in the Group's total loan portfolio was 36.5 per cent. and 93.0 per cent., respectively, for the six months ended 30 June 2023.

In addition, 33.0 per cent. of the Group's securities portfolio consisted of floating rate notes and CPI-linked securities as of 30 June 2023; however the remaining securities portfolio, consisting of fixed rate notes, may create a negative or positive effect on the Group's equity as a result of changes in market interest rates. The remaining 67.0 per cent. of the Group's securities portfolio consisting of fixed rate notes had an average maturity of 1.4 years. In addition, rising interest rates are expected to reduce the value of the Group's existing securities investment portfolio while ultimately being expected to result in increased interest income on additional assets included in this portfolio. However, only 16.0 per cent. of the Group's Turkish Lira-denominated securities portfolio consisted of fixed rate securities as at 30 June 2023. The remaining 84.0 per cent. of the Group's Turkish Lira-denominated securities portfolio as at 30 June 2023 (of which more than 66 per cent. is linked to CPI), was composed of floating rate notes which makes the Group's portfolio more resilient to interest rate volatility.

As of 31 December 2020, 2021, 2022 and 30 June 2023, respectively, approximately 49.0 per cent., 51.8 per cent., 58.0 per cent. and 56.3 per cent. of the Bank's loans and 54.0 per cent., 47.7 per cent., 47.1 per cent. and 52.1 per cent. of the Bank's interest-earning assets were at floating rates.

The Group's ratio of NPLs to total cash loans was 4.3 per cent. as of 31 December 2020, 3.2 per cent. as of 31 December 2021, 2.9 per cent. as of 31 December 2022 and 1.9 per cent. as of 30 June 2023.

Analysis of Results of Operations for the six months ended 30 June 2022 and 2023

The table below sets out the Group's income statement for the periods indicated.

	Six months ended 30 June	
	2022	**2023**
	(TL thousands)	
Interest Income	**4,188,471**	**7,317,014**
Interest on Loans	2,270,820	4,885,219
Interest Received from Reserve Deposits	308	27
Interest Received from Banks	10,962	81,428
Interest Received from Money Market Placements	356,328	222,908
Interest Received from Marketable Securities Portfolio	1,531,621	2,100,471
Fair Value Through Profit or Loss	1,870	646
Fair Value Through other Comprehensive Income	489,318	469,595
Measured at Amortised Cost	1,040,433	1,630,230
Finance Lease Income	9,135	12,985
Other Interest Income	9,297	13,976
Interest Expenses	**(1,396,445)**	**(3,271,844)**
Interest on Deposits	—	—
Interest on Funds Borrowed	(645,985)	(2,408,182)
Interest on Money Market Borrowings	(74,402)	(179,091)
Interest on Securities Issued	(664,552)	(654,730)
Leasing Interest Expense	(233)	(1,944)
Other Interest Expense	(2,273)	(27,897)
Net Interest Income	**2,792,026**	**4,045,170**
Net Fees and Commissions Income / Expenses	**149,060**	**221,607**
Fees and Commissions Received	165,021	246,858
Non-cash Loans	23,733	68,413
Other	141,288	178,445
Fees and Commissions Paid	(15,961)	(25,251)
Non-cash Loans	(3,986)	(10,291)
Other	(11,975)	(14,960)
Dividend Income	**16,345**	**14,277**
Net Trading Income	**488,566**	**1,756,156**
Securities Trading Gains / Losses	24,475	(14,895)
Derivative Financial Instruments Gains / Losses	1,936,920	2,000,209
Foreign Exchange Gains / Losses (Net)	(1,472,829)	(229,158)

	Six months ended 30 June	
	2022	2023
	(TL thousands)	
Other Operating Income	**124,643**	**391,087**
Gross Operating Income	**3,570,640**	**6,428,297**
Expected Credit Loss	**(1,018,733)**	**(1,238,884)**
Other Provision Expenses	**(384,403)**	**(700,000)**
Personnel Expense	**(171,394)**	**(377,616)**
Other Operating Expenses	**(195,379)**	**(305,398)**
Net Operating Income / Loss	**1,800,731**	**3,806,399**
Amount in Excess Recorded as Gain After Merger	**—**	**—**
Profit / Loss on Equity Method	**173,292**	**408,244**
Gain / Loss on Net Monetary Position	**—**	**—**
Profit / Loss from Continued Operations Before Taxes	**1,974,023**	**4,214,643**
Tax Provision for Continued Operations	**(451,714)**	**(1,000,621)**
Provision for Current Income Taxes	(572,705)	(792,262)
Deferred Tax Income Effect	(409,103)	(770,409)
Deferred Tax Expense Effect	530,094	562,050
Net Profit / Loss from Continued Operations	**1,522,309**	**3,214,022**
Income on Discontinued Operations	**—**	**—**
Loss from Discontinued Operations	**—**	**—**
Profit / Loss on Discontinued Operations Before Taxes	**—**	**—**
Tax Provision for Discontinued Operations	**—**	**—**
Net Profit / Loss from Discontinued Operations	**—**	**—**
Net Profit / Loss	**1,522,309**	**3,214,022**
Group's Profit / Loss	1,519,222	3,144,986
Minority Shares	69,036	3,087
Earning / Loss per Share[(1)]	0.543	1.123

Note:

(1) Earnings per share are calculated by using the average number of shares of the current period. Presented in Turkish Lira, instead of thousands of Turkish Lira.

Results of Operations as of and for the six months ended 30 June 2022 and 2023

Interest Income

The Group's interest income is derived from interest on loans, reserve deposits, banks, money market placements and securities. In the six months ended 30 June 2023, the Group's interest income increased by 74.7 per cent. to TL 7,317.0 million from TL 4,188.5 million in the six months ended 30 June 2022. This increase was mainly a result of an increase in interest received from securities, an increase in interest received from loans, as well as an increase in interest received from banks. The increase in interest received was mainly due to higher exchange rate levels and a larger volume of lending. For the six months ended 30 June 2023, interest income from loans amounted to TL 4,885.2 million (66.8 per cent. of total interest income), interest from reserve deposits amounted to TL 27 thousand, interest from money market placements and interest received from banks amounted to TL 303.3 million (4.1 per cent. of total interest income) and interest from securities amounted to TL 2,100.5 million (28.7 per cent. of total interest income), compared to TL 2,270.8 million (54.2 per cent.), TL 308 thousand, TL 367.3 million (8.8 per cent) and TL 1,531.6 million (36.6 per cent.), respectively, in the six months ended 30 June 2022.

Interest Expenses

In the six months ended 30 June 2023, the Group's interest expenses increased to TL 3,271.8 million from TL 1,396.4 million in the six months ended 30 June 2022. This increase is attributable to higher exchange rate levels and funding growth.

Net Interest Income

The Group's net interest income is the difference between interest income from interest earning assets and interest expense on interest-bearing liabilities. The Group's net interest income increased by 44.9 per cent. to TL 4,045.2 million in the six months ended 30 June 2023 from TL 2,792.0 million in the six months ended 30 June 2022. This increase is primarily due to the factors described above. The Group's net interest margin in the six months ended 30 June 2023 was 6.3 per cent. as compared to 5.7 per cent. in the six months ended 30 June 2022.

Net Fees and Commission Income

The Group's net fees and commission income increased to TL 221.6 million in the six months ended 30 June 2023 from TL 149.1 million in the six months ended 30 June 2022. This increase was driven by investment banking income.

Dividend Income

The Group's dividend income decreased by 8.6 per cent. from TL 16.3 million in the six months ended 30 June 2022 to TL 14.9 million in the six months ended 30 June 2023.

Net Trading Income/(Loss)

The Group's net trading income/(loss) comprises three components: securities trading, derivative transactions and foreign exchange income. The Group's net trading income increased from TL 488.6 million in the six months ended 30 June 2022 to a net trading income of TL 1,756.2 million in the six months ended 30 June 2023. This increase was a result of exchange gains from a long position held for hedging purposes against foreign currency provisions.

Other Operating Income

The Group's other operating income increased to TL 391.1 million in the six months ended 30 June 2023 from TL 124.6 million in the six months ended 30 June 2022. The increase was primarily driven by NPL collection of TL 149.0 million in the six months ended 30 June 2023.

Expected Credit Losses

In the six months ended 30 June 2023, the Group's provisioning for loans and other receivables increased to TL 1,238.9 million from TL 1,018.7 million in the six months ended 30 June 2022. The increase in provisioning is mainly driven by decreases in credit risks for the overall banking sector. The following table shows the Group's provisioning for loans and other receivables for the periods indicated.

	For the six months ended 30 June	
	2022	**2023**
	(TL thousands)	
Expected Credit Loss	**1,018,733**	**1,238,884**
12 Months Expected Credit Loss (Stage 1)	61,919	141,099
Significant Increase in Credit Risk (Stage 2)	—	172,453
Non-performing Loans (Stage 3)	3,820	77,083
Marketable Securities Impairment Expenses	1,536	21,596
Financial Assets at Fair Value through Profit or Loss	—	8,702
Financial Assets at Fair Value through Other Comprehensive Income	1,536	12,894
Associates, Subsidiaries, and Entities under Common Control (Joint Venture) Value Decrease	—	—
Associates	—	—
Subsidiaries	—	—
Entities under Common Control (Joint Venture)	—	—
Other	50,000	319,403
Total	117,275	731,634

Other Operating Expenses

In the six months ended 30 June 2023, the Group's other operating expenses increased to TL 305.4 million from TL 195.4 million in the six months ended 30 June 2022, which was principally attributable to the high inflationary environment.

Net Profit from Continuing Operations

The Group's net profit from continuing operations in the six months ended 30 June 2023 increased to TL 3,214.0 million from TL 1,522.3 million in the six months ended 30 June 2022, which is mainly attributable to a higher net interest margin.

For the six months ended 30 June 2023, the Group's return on average total assets was 4.8 per cent. and the return on its average equity was 43.2 per cent., compared to 3.3 per cent. and 40.0 per cent., respectively, for the six months ended 30 June 2022.

Segmental Analysis

The following tables set forth certain information regarding the Group's business segments as of (or for the six months ended on) the indicated dates:

	As of (or for the six months ended) 30 June 2023			
	Corporate Banking	Investment Banking	Other	Total
	(TL thousands)			
Net Interest Income	2,497,797	1,369,772	177,601	4,045,170
Net Fees and Commissions Income	65,464	68,535	87,608	221,607
Other Income	66,452	1,739,639	763,673	2,569,764
Other Expense	(1,256,926)	(95,000)	(1,269,072)	(2,621,898)
Profit Before Tax	1,372,878	3,082,046	(240,190)	4,214,643
Tax Provision				(1,000,621)
Net Profit				**3,214,022**
Group's Profit/Loss				3,144,986
Minority share profit / loss				69,036
Segment Assets	105,025,593	34,928,179	6,896,039	146,849,811
Investment in Associates and Subsidiaries	—	—	1,961,626	1,961,626
Total Assets	**105,025,593**	**34,928,179**	**8,857,665**	**148,811,437**
Segment Liabilities	118,032,508	5,728,880	8,292,438	132,053,826
Shareholders' Equity	—	—	16,757,611	16,757,611
Total Liabilities and Shareholders' Equity	**118,032,508**	**5,728,880**	**25,050,049**	**148,811,437**

	As of (or for the six months ended) 30 June 2022			
	Corporate Banking	Investment Banking	Other	Total
	(TL thousands)			
Net Interest Income	1,004,177	1,745,214	42,635	2,792,026
Net Fees and Commissions Income	22,079	59,131	67,850	149,060
Other Income	—	467,133	335,713	802,846
Other Expense	(1,407,072)	(33,914)	(328,923)	(1,769,909)
Profit Before Tax	(380,816)	2,237,564	117,275	1,974,023
Tax Provision				(451,714)
Net Profit				1,522,309
Group's Profit/Loss				1,519,222
Non-Controlling Interests				3,087
Segment Assets	74,787,609	35,296,220	5,986,483	116,070,312

	As of (or for the six months ended) 30 June 2022			
	Corporate Banking	Investment Banking	Other	Total
	(TL thousands)			
Investment in Associates and Subsidiaries	—	—	1,551,348	1,551,348
Total Assets	74,787,609	35,296,220	7,537,831	117,621,660
Segment Liabilities	93,477,043	3,656,787	7,495,374	104,629,204
Shareholders' Equity	—	—	12,992,456	12,992,456
Total Liabilities and Shareholders' Equity	93,477,043	3,656,787	20,487,830	117,621,660

Financial Condition

The tables below set forth the Group's balance sheet data as of the indicated dates.

	As of 31 December	As of 30 June
	2022	2023
	(TL thousands)	
ASSETS		
Financial Assets (Net)	**24,129,681**	**20,671,779**
Cash and Cash Equivalents	10,469,187	6,513,487
Cash and Balances with Central Bank	2,797,941	3,647,424
Banks	1,957,080	1,372,831
Money Market Placements	5,721,043	1,498,678
Expected Credit Losses (-)	6,877	(5,446)
Financial Assets at Fair Value Through Profit or Loss	**175,599**	**766,537**
Government Debt Securities	—	—
Equity Instruments	98,313	34
Other Financial Assets	77,286	766,503
Financial Assets at Fair Value Through Other Comprehensive Income	11,089,289	9,711,599
Government Debt Securities	9,749,787	8,091,278
Equity Instruments	519,728	737,734
Other Financial Assets	819,774	882,587
Derivative Financial Assets	**2,395,606**	**3,680,156**
Derivative Financial Assets at Fair Value Through Profit or Loss	2,395,606	3,680,156

	As of 31 December	As of 30 June
	2022	2023
	(TL thousands)	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	—	—
Financial Assets Measured at Amortised Cost	**88,616,419**	**122,501,852**
Loans	**80,930,195**	**111,988,378**
Lease Receivables	**380,231**	**455,675**
Factoring Receivables	**—**	**—**
Other Financial Assets Measured at Amortised Cost	**12,825,981**	**16,544,398**
Government Debt Securities	12,825,981	16,544,398
Other Financial Assets	—	—
Expected Credit Losses (-)	**5,519,988**	**6,486,599**
Property and Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)	**—**	—
Held for Sale Purpose	—	—
Related to Discontinued Operations	—	—
Equity Investments	**1,551,348**	**1,961,626**
Investments in Associates (Net)	**1,493,750**	**1,891,602**
Accounted Under Equity Method	1,493,750	1,891,602
Unconsolidated Associates	—	—
Subsidiaries (Net)	**51,970**	**59,640**
Unconsolidated Financial Subsidiaries	—	—
Unconsolidated Non-Financial Subsidiaries	51,970	59,640
Entities under Common Control (Joint Venture) (Net)	**5,628**	**10,384**
Joint Ventures Valued Based on Equity Method	5,628	10,384
Unconsolidated Joint Ventures	—	—
Tangible Assets (Net)	**1,214,227**	**1,556,829**
Intangible Assets (Net)	**4,278**	**9,819**
Goodwill	1,005	1,005
Other	3,273	8,814
Investment Property (Net)	**764,910**	**1,012,615**
Current Tax Asset	**177**	**248**
Deferred Tax Asset	**724,131**	**567,469**

	As of 31 December	As of 30 June
	2022	**2023**
	(TL thousands)	
Other Assets	**616,489**	**529,200**
Total Assets	**117,621,660**	**148,811,437**
LIABILITIES AND EQUITY		
Deposits	**—**	—
Funds Borrowed	**70,814,085**	**95,047,384**
Money Market Balances	**2,472,123**	**5,003,224**
Marketable Securities Issued (Net)	**21,553,457**	**20,082,535**
Bills	333,220	147,531
Assets Backed Securities	172,485	—
Bonds	21,047,752	19,935,004
Borrower Funds	**737,733**	**728,332**
Borrower Funds	737,733	728,332
Other	—	—
Financial Liabilities at Fair Value Through Profit or Loss	**—**	—
Derivative Financial Liabilities	**1,132,353**	**1,441,631**
Derivative Financial Liabilities at Fair Value Through Profit or Loss	1,132,353	1,441,631
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	—	—
Factoring Liabilities	**—**	—
Lease Liabilities	**5,563**	**26,594**
Provisions	**1,071,429**	**1,822,258**
Restructuring Provisions	—	—
Reverse for Employee Benefits	48,190	65,131
Insurance Technical Provisions (Net)	—	—
Other Provisions	1,023,239	1,757,127
Current Tax Liability	**580,310**	**269,517**
Deferred Tax Liability	**—**	—
Liabilities for Property and Equipment Held for Sale and Related to Discontinued Operations (Net)	**—**	—
Held for Sale Purpose	—	—
Related to Discontinued Operations	—	—

	As of 31 December	As of 30 June
	2022	**2023**
	(TL thousands)	
Subordinated Debt Instruments	**3,829,127**	**5,314,139**
Loans	3,829,127	5,314,139
Other Debt Instruments	—	—
Other Liabilities	**2,433,024**	**2,318,212**
Shareholders' Equity	**12,992,456**	**16,757,611**
Paid-in capital	2,800,000	2,800,000
Capital Reserves	1,381	15,665
Share Premium	1,007	1,007
Share Cancellation Profits	—	—
Other Capital Reserves	374	14,658
Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	1,313,495	2,075,551
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	1,010,451	799,580
Profit Reserves	3,702,923	7,745,309
Legal Reserves	440,207	644,594
Status Reserves	75,641	75,641
Extraordinary Reserves	3,184,155	7,022,154
Other Profit Reserves	2,920	2,920
Profit Or Loss	3,945,723	3,034,041
Prior Years' Profit/Loss	(34,689)	(110,945)
Current Year Profit/Loss	3,980,412	3,144,986
Non-Controlling Interests	218,483	287,465
Total Liabilities and Equity	**117,621,660**	**148,811,437**

Assets

As of 30 June 2023, the Group had total assets of TL 148.8 billion, a 26.5 per cent. increase from TL 117.6 billion as of 31 December 2022. The increase was primarily due to loan growth and the exchange rate increase.

Cash and Balances with the Central Bank

As of 30 June 2023, the amount of the Group's cash and balances with the Central Bank was TL 3.6 billion, a 30.4 per cent. increase compared to TL 2.8 billion as of 31 December 2022. The increase was due to the exchange rate increase.

Loans and Leasing Receivables

As of 30 June 2023, the Group had loans and leasing receivables net of allowance for expected credit losses of TL 112.4 billion (75.5 per cent. of total assets), an increase of 38.3 per cent. compared to TL 81.3 billion (69.1 per cent.) as of 31 December 2022. The Group's portfolio of cash total loans and advances to customers, less allowance for possible losses, increased by 39.8 per cent. as of 30 June 2023 compared to year-end 2022. The Group's foreign exchange adjusted loan growth in the six months ended 30 June 2023 amounted to 1.7 per cent.

In addition to loans, the Group had outstanding guarantees amounting to TL 14.0 billion and letters of credit, surety and acceptances amounting to TL 6.0 billion as of 30 June 2023 (TL 7.3 billion and TL 3.5 billion, respectively, as of 31 December 2022).

As of 30 June 2023, the average effective interest rates charged to borrowers on loans were 7.9 per cent. for EUR and 9.2 per cent. for USD (6.6 per cent. and 8.3 per cent., respectively, in EUR and USD as of 31 December 2022). The average effective interest rates on TL loan rates were 20.9 per cent. as of 30 June 2023 (19.7 per cent. as of 31 December 2022).

Liabilities

As of 30 June 2023, the Group had total liabilities and equity of TL 148.8 billion, an increase of 26.5 per cent. from TL 117.6 billion as of 31 December 2022. The increase was primarily due to funding growth and the exchange rate increase. As of 30 June 2023, the Group had TL 5.0 billion in money market balances and TL 95.0 billion in funds borrowed.

Off-Balance Sheet Arrangements

The aggregate amount of off-balance sheet arrangements, comprising guarantees, letters of credit and similar obligations, totalled TL 147.4 billion as of 30 June 2023 and TL 126.1 billion as of 31 December 2022.

Capital Adequacy

The following table sets out information on the Group's capital and its capital adequacy ratios as of the indicated dates, calculated in accordance with Basel III.

	As of 31 December	**As of 30 June**
	2022	**2023**
	(TL thousands)	
Paid-in capital	2,800,000	2,800,000
Paid-in capital inflation adjustments	374	14,658
Profit reserves	3,702,923	7,745,309
Profit	3,945,723	3,034,041
Tier I Capital (I)	16,610,292	21,881,869
Tier II Capital (II)	874,682	1,198,505
Deductions (III)	—	—
Own Funds (I+II-III)	17,484,974	23,080,374

	As of 31 December	As of 30 June
	2022	2023
	(TL thousands)	
Risk Weighted Assets (including market and operational risk)	78,041,838	107,349,396
Capital Ratios:		
Tier I Ratio..	21.28%	20.38%
Total Capital Adequacy Ratio[(1)]	22.40%	21.50%

Note:

(1) The Group's own funds as a percentage of its risk-weighted assets.

As of 30 June 2023 and 31 December 2022, the Group's total capital adequacy ratio was 21.50 per cent. and 22.40 per cent., respectively (21.72 per cent. and 22.43 per cent., respectively, for the Bank). The decrease in the Group's total capital adequacy ratio is primarily due to the depreciation of the Turkish Lira. See "*Risk Factors – Risks Related to the Group and its Business – Market Risks – Foreign Exchange and Currency Risk – The Group is exposed to foreign exchange and currency risks and further devaluations of the Turkish Lira may adversely impact the Bank's business, results of operation and financial condition*".

Liquidity and Funding

The Group's principal sources of funding are loans from developmental organisations, of which a total of approximately 55 per cent. were provided by the World Bank Group and the European Investment Bank as of 30 June 2023. As of 30 June 2023, 73 per cent. (68.0 per cent. as of 31 December 2022) of the Group's foreign currency-denominated borrowings were sourced from international banks and DFIs. For its other funding, the Bank's strategy has been largely to utilise money market funds (including repos), issuances of debt securities, bilateral loans and syndicated loans, although this approach is subject to change, depending upon market opportunities and changes in prevailing rates and other funding sources.

As of 30 June 2023, the Group's total foreign currency-denominated borrowings constituted 82.2 per cent. of its consolidated assets (82.4 per cent. as of 31 December 2022). In addition, 64.7 per cent. of the Bank's long-term funds were guaranteed by the Turkish Treasury as of 30 June 2023 (58.8 per cent as of 31 December 2022). Development and investment banks (such as the Bank) are exempt from reserve requirements for their funding guaranteed by the Turkish Treasury.

The Group's loans constituted in aggregate 67.4 per cent., 63.5 per cent., 67.7 per cent. and 66.1 per cent. of its total liabilities as of 30 June 2023, 31 December 2022, 2021 and 2020, respectively. As of 30 June 2023, the Group's loans amounted to TL 100.4 billion, a decrease of 34.5 per cent. from TL 74.6 billion as of 31 December 2022, itself an increase of 28.0 per cent. from TL 58.3 billion as of 31 December 2021. The remaining sources short-term funding, including syndicated loans, bilateral loans and money market transactions, which accounted 2.7 per cent., 1.6 per cent., 2.1 per cent. and 3.4 per cent. of the Group's total liabilities as of 31 December 2020, 2021, 2022 and as of 30 June 2023, respectively, and issuances of debt securities, which accounted for 13.5 per cent. and 18.3 per cent. as of 30 June 2023 and 31 December 2022, respectively."

BUSINESS OF THE GROUP

Lending Policies and Procedures – Portfolio Supervision and Non-Performing Loans ("NPLs")

The first and second paragraphs of the section titled "*Portfolio Supervision and Non-Performing Loans ("NPLs")*" on page 21 of the First Supplement, are hereby deleted in their entirety and replaced by the following:

"The NPL ratio of the Bank has historically been among the lowest in the Turkish banking sector. As of 30 June 2023 and 31 December 2022, 2021 and 2020, the Bank's NPL ratios were 1.9 per cent., 2.9 per cent., 3.2 per cent. and 4.3 per cent., respectively, compared to banking sector average NPL ratios of 1.9 per cent., 2.1 per cent., 3.2 per cent. and 4.0 per cent. as of the same date, according to the BRSA.

In the six months ended 30 June 2023, there has been no new transfer of loans to NPLs. The restructured ratio of NPLs also reached 96 per cent. in the same period. To note, the management does not expect any substantial inflow of problematic loans for the rest of 2023. Any substantial inflow to Stage 2 loans which account for 10.4 per cent. as of 30 June 2023, is also not expected. The Stage 2 coverage ratio has reached 29.2 per cent. in the same period. Moreover, the outstanding free provisions reached TL 1,600 million as of 30 June 2023 with an additional TL 650 million worth of free provisioning in the second quarter of 2023 as an additional cushion for unprecedented developments.

TURKISH REGULATORY ENVIRONMENT

The first sentence of the fifth paragraph of the section titled "Turkish Regulatory Environment – Capital Adequacy" on page 255 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

The Capital Adequacy Regulation also lowered the risk weights of certain assets and credit conversion factors, including reducing: (a) the risk weights of residential mortgage loans from 50 per cent. to 35 per cent., (b) the risk weights of consumer loans (excluding residential mortgage loans) qualifying as retail loans (perakende alacaklar) in accordance with the Capital Adequacy Regulation and instalment payments of credit cards from a range of 100 per cent. to 250 per cent. (depending upon their outstanding tenor) to 75 per cent. (irrespective of their tenor) (however on 31 July 2023, the BRSA increased the risk weighting for consumer credit cards (including cash withdrawals and spendings) and consumer cash loans (excluding mortgage loans and including overdraft accounts) issued after 31 July 2023 to 150 per cent.); provided that such receivables are not reclassified as NPLs, and (c) the credit conversion factors of commitments for credit cards and overdrafts from 20 per cent. to 0 per cent. As of 7 February 2017, the BRSA published a decision that enables banks to use 0 per cent. risk weightings for Turkish Lira-denominated exposures guaranteed by the CGF and supported by the Turkish Treasury.

The first sentence of the sixth paragraph of the section titled "Turkish Regulatory Environment – Capital Adequacy" starting on page 255 of the Base Prospectus is hereby deleted in its entirety.

The following paragraph is added as the eighth paragraph to the section titled "Turkish Regulatory Environment – Capital Adequacy" on page 256 of the Base Prospectus:

On 31 July 2023, the BRSA increased the risk weightings for (i) credit card instalment payments (including cash withdrawals and spending), (ii) consumer cash loans (including overdraft accounts, auto loans for passenger cars and auto secured loans), and (iii) financial leasing transactions with consumers to 150 per cent. for the loans issued after 31 July 2023; however, such increased risk weightings shall not be applied to customers located in the cities affected by such earthquakes until 1 January 2024.

The second paragraph of the section titled "Macroprudential Measures requiring Maintenance of Securities" staring from page 263 of the Base Prospectus, is hereby deleted in its entirety and replaced by the following:

On 20 August 2022, 31 December 2022 and 25 July 2023, the CBRT amended the Communiqué on the Maintenance of Securities to: (a) require Turkish banks to hold with the CBRT long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to 30 per cent. of the amount of the securities issued by entities (other than financial institutions) held by such banks, (b) replace the Commercial Cash Loan Reserve Requirement with a requirement to hold with the CBRT long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to 30 per cent. of the amount of such Turkish Lira-denominated commercial cash loans (excluding the loans previously excluded from the Commercial Cash Loan Reserve Requirement as noted above only if such loans are disbursed against expenditures) and (c) provide that if:

(i) a bank's Turkish Lira-denominated commercial cash loan growth (excluding such excluded loans) during each calculation period from 26 August 2022 to 25 November 2022 compared to the previous calculation period was higher than 3 per cent., then such bank is required to hold with the CBRT long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to the amount over such 3 per cent.,

(ii) a bank's Turkish Lira-denominated commercial cash loan (excluding such excluded loans) growth as of 30 December 2022 compared to 29 July 2022 is higher than 10 per cent., then such bank is required to hold with the CBRT long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to the amount over such 10 per cent. minus the amount already held as required by clause (i), and

(iii) a bank's Turkish Lira-denominated commercial cash loan growth (excluding such excluded loans) during each calculation period from 27 January 2023 to 29 December 2023 compared to the previous calculation period was higher than 2 per cent., then such bank is required to hold with the CBRT long-term Turkish Lira-denominated securities issued by the Turkish government in an amount equal to the amount over such 2 per cent.

SIGNIFICANT OR MATERIAL CHANGE

There has been (a) no significant change in the financial performance or financial position of either the Group or the Bank since 30 June 2023 and (b) no material adverse change in the financial position or prospects of either the Group or the Bank since 31 December 2022.

INDEPENDENT AUDITORS

The 2023 Q2 Consolidated Interim Financial Statements of the Group and the 2023 Q2 Unconsolidated Interim Financial Statements of the Bank, incorporated by reference in the Base Prospectus by virtue of this Supplement, have been reviewed by EY, independent auditors, in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity," as stated in their review reports incorporated by reference herein.