

Basic Information Document and Prior Information Form

Eurobonds Issued By Turkish Treasury

This document has been prepared to provide information about Eurobonds. This document is not a sales or marketing document. This document has been prepared to ensure that investors comprehend potential risks and fundamental features of the product. We recommend that investors take a decision after reading this document.

About Eurobonds

A Eurobond is a bond issued offshore by governments or corporates denominated in a currency other than that of the issuer's country. Eurobonds are usually long-term and coupon payment debt instruments.

Eurobonds are traded in international markets and usually denominated in USD or EUR. Typical tenor is 5-30 years.

The coupon interest may be fixed or floating. Payments may be annual or semi-annual. In secondary markets settlement date for Turkish Treasury issued Eurobonds is transaction date +2 days. Settlement date of the related transaction can be seen on order form.

Investment Purpose of Eurobond

Since Eurobonds issued by Turkish Treasury represent the government's own debt, in cases where these securities are held till maturity, Turkish Treasury is liable to pay nominal amount (face amount) and interest.

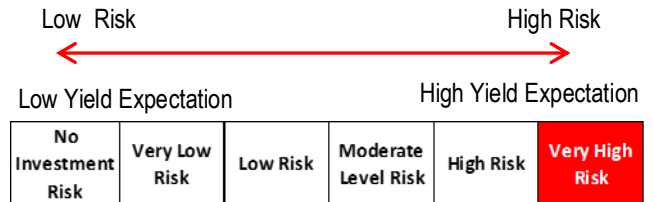
Eurobonds issued by Turkish Treasury can be redeemed within secondary markets before their maturity depending on current market conditions.

Eurobonds provide long-term investment opportunity; regular income may achieved by coupon payments. In addition, due to price difference in trading, there is possibility of obtaining capital gain.

About Risk and Return Profile of Eurobond

Eurobond is compatible with the risk profile of customers who are willing to take "**Very High Risk**". Products with "Very High Risk" risk profile have higher probability of price fluctuations since they involve higher investment risk. Eurobonds may enable higher income yield compared to Low and Medium Risk level products. However, it also has higher probability of capital loss compared to Low and Medium Risk level products.

Eurobonds are suitable for investors who prefer long-term investments denominated in foreign currencies and who do not need emergency cash. Eurobonds should not be preferred for short-term investments.



Fees and Commissions

A maximum commission rate of **1%** may be applied for Eurobond subscription/redemption orders. A maximum commission rate of **1%** may be applied for Treasury Auction participations.

Tax

The tax schedule for Eurobonds issued by Turkish Treasury capital gains and interest incomes applicable to fully taxpayer individuals are summarized below:

Interests on Eurobonds issued by Turkish Treasury	Capital Gains on Eurobonds Issued by Turkish Treasury	
	For securities issued before 1.1.2006	For securities issued after 1.1.2006
Subject to 0 % withholding tax.	Not subject to withholding tax.	Not subject to withholding tax.
Not subject to inflation adjustment.	Inflation rate adjustment can be applied on purchase price by PPI.	Inflation rate adjustment on purchase price is done if PPI is more than 10%.
Foreign currency gain at maturity is not considered income.	Capital gain is calculated by TRY and capital loss can be deducted from capital profit.	Capital gain is calculated by TRY and capital loss can be deducted from capital profit. Inflation rate adjustment
If the total interest income earned from Turkish Eurobonds exceeds TRY 150,000 (for 2023), such income is subject to declaration.	Capital gains exceeding TRY 129,000 (for 2023) together with other capital gains will be subject to declaration.	Capital gains are subject to declaration.

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For limited taxpayer individuals Eurobond capital gains are not subject to withholding tax or declaration; interest incomes are subject to 0% withholding tax and will not be declared.

Applied taxes for the Eurobond capital gains and interest incomes generated by fully taxpayer corporates are explained below.

Interest Income of Eurobonds Issued by Turkish Treasury	Capital Gains on Eurobonds Issued by Turkey Treasury	
	For securities issued before 1.1.2006	For securities issued after 1.1.2006
Subject to 0 % withholding tax.	Not subject to withholding tax	Not subject to withholding tax
Subject to Corporate Income Tax	Subject to Corporate Income Tax	Subject to Corporate Income Tax

The Eurobond capital gains earned by limited corporate taxpayers are not subject to withholding tax or declaration. Interest incomes are subject to 0% withholding tax and will not be declared.

Eurobonds security transfers made to another person or transfers from customer's individual account to his/her joint account is assessed as trading and income tax may occur in case trading income is generated.

Eurobond Subscription-Redemption Principles

- For Eurobonds, the minimum transaction amount is USD1,000 in nominal.
- On workdays subscription-redemption orders given between 10:00-16:00 for Eurobonds are executed within + 2 business days.
- On behalf of our customers Eurobond subscription/redemption orders are carried out from the Bank's portfolio.
- For Eurobond transactions executed in OTC markets, money is transferred to our Bank's account within Euroclear through swift system. Eurobonds are registered and monitored in the account opened at customer owner basis on Euroclear based in Brussels in dematerialized form.
- As issuer, Republic of Turkey is obliged to pay the principal amount and coupon payments of Eurobonds. For custody of Eurobonds, HSBC Bank A.S. is working with Euroclear Bank which is the Settlement and Custody Bank with headquarters in Brussels. Eurobond coupon payments cannot be transferred into customer accounts before

Euroclear pays into HSBC Bank accounts. For that reason, there can be delays in coupon payments stemming from Euroclear's pay time.

- Eurobond subscription/redemption orders can be given through HSBC Bank A.S. branches.
- Eurobond Treasury Auction participation orders can be given through HSBC Bank A.S. branches.
- The current value of Eurobonds can be accessed through HSBC Bank A.S. branches.

Fundamental Risks of Eurobond

Interest Rate Risk: Market interest rates have a direct impact on fixed income securities. When interest rates rise, Eurobond prices typically fall, this may cause capital loss.

Counterparty Risk: Investors may have total or partial loss of the invested capital due to the bankruptcy or to the weakening of the financial state of the Turkish Treasury. As Eurobonds have risks stemming from the financial status of the Turkish Treasury, these investment products are not guaranteed by HSBC Bank A.S.

Liquidity Risk: In secondary markets, there is risk for investors who cash out their investment products. Liquidity risk is the risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value.

Market Risk: Due to the fluctuations in the price of equity, the portfolio value may decrease and because of that reason investor may experience a loss in capital.

Currency Risk: Investors may have capital loss due the exchange rate fluctuations if they invest in a foreign currency denominated security.

Country Risk: The economic, politic and social structure of a country (where the investment is made) in addition to interest rate and exchange rate policies may have impact on the price of the investment product. These risks which can be defined as local risks could be currency restrictions, transfer risks, moratorium, tax regulations etc. Moreover, there can be fluctuations in the price of the equity because of the global economic and politic effects.

Operational Risk: The risk that can be based on, directly or indirectly, the inadequate internal processes, people, systems and/or external agents. Investment process is being overseen by internal control and risk

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management. Additionally, this process is being audited by regulatory authorities.

Credit Risk: Issuers of bonds and bills may not be able to repay principal and interest amount on due date and become default. This risk is higher for corporate bonds compared to government bonds.

Other Investment Product Risks: Investment products are not deposits. They are not under guarantee or insurance or any liability of HSBC Bank A.Ş. or other related institutions. Investment products are not insured by any government. Investment products have various risks including capital loss. The past performance of an investment product is not a guarantee for future returns, prices may increase or decrease. Investment products denominated in foreign currencies may be exposed to currency risk and may have capital loss due to fluctuations in exchange rates. All risk regarding the investment products belong to the customer. HSBC is the intermediary for the customer to buy or sell the product and it does not advise or recommend to buy or to sell the product and it does not provide investment consultancy or portfolio management services. Net return may vary due to fluctuations in exchange rates. Expected return may not be obtained.

It is possible to cash out Eurobonds before maturity; however since they will be cashed out with current market prices, investor takes interest rate and market risk. The selling price might be less than the purchase price, this might cause capital loss. Therefore, it may not be a suitable investment for investors who might need immediate cash. Therefore, your risk profile and appetite should be suitable for this product.

Guarantee Amount of Investor Compensation Center

Eurobonds are not under the protection of Investor Compensation Center.

Right of Withdrawal

This product cannot be withdrawn.

Restrictions on Sale of Investment Products to the Residents of USA and Canada

According to international and HSBC Group regulations mutual funds could not be offered to the customer who is classified and defined as a U.S.A resident (includes residents of the United States of America and all states, the District of Columbia, American Samoa, Puerto Rico, Guam, The Commonwealth of the Northern Mariana

Islands, and the US Virgin Islands) or Canadian residents. Our customers should inform HSBC Bank A.S. immediately in case of becoming U.S.A or Canada resident.

Not an Investment Advisory

The readers should be aware that they are self-responsible for evaluating and analysing the underlying instruments, investments and transactions in this document and the information herein should not be considered as investment recommendation.

The information and details provided in this basic information should not be considered as investment recommendation. Investment advisory services are provided to individuals by taking into account their risk and return preferences. This product may not be suitable for your risk and return preferences and financial status. Investment decision solely based on information provided in this document may not meet all initial targets. HSBC Group is not responsible for advising on the topics related to law and tax or any other fields that needs expertise.

This document does not provide any opinion on value or suitability of any investment instrument. An investment may not meet all initial targets and conditions and in case of a hesitation it is recommended to ask for opinions and advices from professional investment consultants.

In compliance with CMB Regulations, HSBC Bank A.S. takes necessary measures by creating the organizational set-up and resolution processes to prevent all means of conflict of interest.

Legal Warning

HSBC Bank AS is authorized by Banking Regulation and Supervision Agency (BRSA) for banking activities and is authorized by Capital Market Board (CMB) for capital market activities and it is subject to supervision and scrutiny by those institutions. HSBC Bank A.S. is member of Borsa Istanbul A.S. to make transactions on markets authorized by Borsa Istanbul A.S.

There may be legal and tax risks regarding the transaction; therefore it is recommended to seek guidance from legal and tax advisers to assess such risks.

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General Information

The product's risks should be considered before investing in Eurobond. All these conditions specified in this document can change in the future. This document prepared by HSBC Bank A.S. is for product and/or service presentation and it cannot be partially or completely replicated or distributed without HSBC Bank A.S.'s permission or any legal obligation.

By signing this document you will be accepted as you have taken, read and understood the terms, provisions and information in the Basic Information Document and Prior Information Form of Eurobonds you have demanded and whose descriptions can be found above.

A copy of the Basic Information Document and Prior Information Form is given to you.

This document is issued as bilingual and in case of any dispute Turkish version shall prevail.

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