

THIS ANNOUNCEMENT RELATES TO THE DISCLOSURE OF INFORMATION THAT QUALIFIED OR MAY HAVE QUALIFIED AS INSIDE INFORMATION WITHIN THE MEANING OF ARTICLE 7(1) OF THE MARKET ABUSE REGULATION (EU) 596/2014.

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Türkiye Vakıflar Bankası T.A.O. announces Reset Margin for the New Notes in connection with its Exchange Offer for its US\$900,000,000 6.000 per cent. Subordinated Notes due 2022

26 January 2017. Further to its announcement dated 13 January 2017 in connection with its invitation to holders (**Noteholders**) of its outstanding US\$900,000,000 6.000 per cent. Subordinated Notes due 2022 (ISIN: XS0849728190 / US90015NAB91) (the **Existing Notes**) to offer to exchange their Existing Notes for U.S. dollar-denominated Fixed Rate Resettable Tier 2 Notes due 2027 and Callable 2022 (the **New Notes**) to be issued by the Issuer (such invitation, the **Exchange Offer** and such announcement, the **Initial Announcement**), Türkiye Vakıflar Bankası T.A.O. (the **Issuer**) today announces the Reset Margin for the New Notes.

The Exchange Offer, and the concurrent invitation by the Issuer to Noteholders to approve a modification to the terms and conditions of the Existing Notes to remove certain restrictions on the purchase of Existing Notes by the Issuer (such invitation, the **Proposal**), were made on the terms and subject to the conditions set out in the Exchange Offer and Consent Solicitation Memorandum dated 13 January 2017 (the **Exchange Offer and Consent Solicitation Memorandum**) including, in the case of the Exchange Offer, the offer and distribution restrictions set out below and as more fully described in the Exchange Offer and Consent Solicitation Memorandum, and this announcement should be read in conjunction with the Exchange Offer and Consent Solicitation Memorandum and the Initial Announcement.

Copies of the Exchange Offer and Consent Solicitation Memorandum are available from the Exchange and Tabulation Agent as set out below. All documentation relating to the Exchange Offer and the Proposal, together with any updates to such documentation, are also available (subject to restrictions) via the Offer Website (<https://sites.dfkingltd.com/vakif>).

Capitalised terms used in this announcement but not defined have the meanings given to them in the Exchange Offer and Consent Solicitation Memorandum.

Expiration of Exchange Offer

The Exchange Offer expired at 5.00 p.m. (New York City time) on 25 January 2017. Based on valid Exchange Instructions received prior to the Exchange Offer Expiration Deadline, if the Consent Condition is satisfied and the Issuer decides to accept valid offers of Existing Notes for exchange pursuant to the Exchange Offer, the Issuer's current intention is to accept all such offers of Existing Notes in full without any *pro rata* scaling.

Reset Margin for the New Notes

As at 11.00 a.m. (New York City time) on the Business Day following the Exchange Offer Expiration Deadline, 26 January 2017, the Pricing Time Swap Rates, the Pricing Time Mid-Swap Rates and the Interpolated Pricing Time Mid-Swap Rate were as set out in the table below. Accordingly the Reset Margin for the New Notes (being (i) 8.00 per cent. per annum minus (ii) the Interpolated Pricing Time Mid-Swap Rate), to the extent the Issuer decides to accept valid offers of Existing Notes for exchange pursuant to the Exchange Offer, will be 5.845 per cent.

Pricing Time 5 Year Swap Rates	Pricing Time 5 Year Mid-Swap Rate	Pricing Time 6 Year Swap Rates	Pricing Time 6 Year Mid-Swap Rate	Interpolated Pricing Time Mid-Swap Rate	Reset Margin
2.060 per cent. and 2.100 per cent.	2.080 per cent.	2.1635 per cent. and 2.2035 per cent.	2.184 per cent.	2.155 per cent.	5.845 per cent.

Extraordinary Resolution

By validly offering Existing Notes for exchange in the Exchange Offer (in the case of DTC Existing Notes, with the related Form of Sub-Proxy) or submitting a Voting Only Instruction, a Noteholder automatically gives instructions for the appointment of one or more representatives of the Exchange and Tabulation Agent as that Noteholder's proxy to attend and vote in respect of the Extraordinary Resolution at the Meeting in respect of the full principal amount of Existing Notes represented by the relevant Exchange Instruction (or, where applicable, Form of Sub-Proxy) or Voting Only Instruction.

Based on the valid Exchange Instructions (and, where applicable, related Forms of Sub-Proxy) and Voting Only Instructions in favour of the Extraordinary Resolution received prior to the Exchange Offer Expiration Deadline and Consent Fee Deadline (and assuming no revocation of any such instructions, in the limited circumstances in which such revocation is permitted as described in the Exchange Offer and Consent Solicitation Memorandum), the Issuer expects the quorum required for the Meeting to be satisfied, and for the Extraordinary Resolution to be passed at the Meeting.

Noteholders are advised to read carefully the Exchange Offer and Consent Solicitation Memorandum for full details of the Exchange Offer and the Proposal.

Requests for information in relation to the Exchange Offer and the Proposal may be directed to:

Dealer Managers

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Attention: Liability Management Group
Telephone: +44 20 7595 8668
Email: liability.management@bnpparibas.com

Citigroup Global Markets Limited
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Attention: Liability Management Group
Telephone: +44 20 7986 8969
Email: liabilitymanagement.europe@citi.com

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Attention: Liability Management Group
Telephone: +44 20 7996 5420
Email: DG.LM_EMEA@baml.com

Standard Chartered Bank
1 Basinghall Avenue
London EC2V 5DD
United Kingdom

Attention: Liability Management Group
Telephone: +44 20 7885 5739
Email: liability_management@sc.com

Requests for information in relation to any documents or materials relating to the Exchange Offer and the Proposal may be directed to:

Exchange and Tabulation Agent

D.F. King Ltd

Email: vakif@dfkingltd.com
Offer Website: <https://sites.dfkingltd.com/vakif>

In London
125 Wood Street
London EC2V 7AN
United Kingdom

Telephone:
+44 20 7920 9700

In New York:
48 Wall Street, 22nd Floor
New York, New York 10005
United States

Attention: Andrew Beck
Toll-Free: (800) 431 9646
Telephone: +1(212) 269 5550
By Facsimile: +1(212) 709 3328
Confirmation: +1(212) 269 5552

In Hong Kong:
Suite 1601, 16/F, Central Tower
28 Queen's Road Central
Hong Kong

Telephone:
+852 3953 7230

This announcement is released by Türkiye Vakıflar Bankası T.A.O. and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to the Exchange Offer and the Proposal described

above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Mustafa Turan, Senior Vice President – Head of International Banking and Investor Relations at Türkiye Vakıflar Bankası T.A.O.

DISCLAIMER This announcement must be read in conjunction with the Exchange Offer and Consent Solicitation Memorandum. As the deadline for submitting Exchange Instructions has now passed, Existing Notes may not now be validly offered for exchange pursuant to the Exchange Offer. This announcement and the Exchange Offer and Consent Solicitation Memorandum contain important information which should be read carefully before any decision is made with respect to the Proposal by any Noteholder who has not already submitted an Exchange Instruction or a Voting Only Instruction. If any Noteholder is in any doubt as to the contents of this announcement or the Exchange Offer and Consent Solicitation Memorandum or the action it should take or is unsure of the impact of the implementation of the Proposal or the Extraordinary Resolution to be proposed at the Meeting, it is recommended to seek its own financial and legal advice, including in respect of any tax consequences, immediately from its broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Any individual or company whose Existing Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee and who has not already submitted an Exchange Instruction or Voting Only Instruction must contact such entity if it wishes to participate in the Proposal. None of the Dealer Managers, the Exchange and Tabulation Agent or the Issuer makes any recommendation as to whether Noteholders should participate in the Proposal.

None of this announcement, the Initial Announcement and the Exchange Offer and Consent Solicitation Memorandum constitutes or constituted an offer to sell or buy, or the solicitation of an offer to sell or buy, the Existing Notes and/or New Notes, as applicable, in any circumstances in which any such offer or solicitation is unlawful.

The distribution of this announcement, the Initial Announcement and the Exchange Offer and Consent Solicitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement, the Initial Announcement or the Exchange Offer and Consent Solicitation Memorandum comes are required by each of the Issuer, the Dealer Managers and the Exchange and Tabulation Agent to inform themselves about, and to observe, any such restrictions.

United States

The New Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States.

The Exchange Offer was made to Noteholders pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 802 under the Securities Act.

Securities may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The New Notes will be "restricted securities" as defined in Rule 144(a)(3) under the Securities Act to the same extent and in the same proportion as the Existing Notes. Holders may not transfer the New Notes except pursuant to an exemption from the registration requirements of the Securities Act.

Any Noteholder who is a U.S. person, as such term is defined in Regulation S promulgated under the Securities Act, and is not a Qualified Institutional Buyer as defined in Rule 144A promulgated under the Securities Act, was required to contact the Exchange and Tabulation Agent before agreeing to participate in the Exchange Offer.

Italy

None of the Exchange Offer, this announcement, the Initial Announcement, the Exchange Offer and Consent Solicitation Memorandum or any other documents or materials relating to the Exchange Offer have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (CONSOB).

The Exchange Offer was being carried out in the Republic of Italy (**Italy**) as an exempt offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Noteholders, or beneficial owners of the Existing Notes, in Italy were able to offer Existing Notes for exchange through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each such intermediary must comply with the applicable laws concerning information duties *vis-à-vis* its clients in connection with the Existing Notes or the Exchange Offer.

United Kingdom

The communication of this announcement, the Initial Announcement, the Exchange Offer and Consent Solicitation Memorandum and any other documents or materials relating to the Exchange Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**)) or persons who are within Article 43(2) of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

France

The Exchange Offer was not made, directly or indirectly, to the public in the Republic of France (**France**). None of this announcement, the Initial Announcement, the Exchange Offer and Consent Solicitation Memorandum and any other document or material relating to the Exchange Offer has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, in each case acting on their own account and all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code Monétaire et Financier*, were eligible to participate in the Exchange Offer. None of this announcement, the Initial Announcement and the Exchange Offer and Consent Solicitation Memorandum has been or will be submitted for clearance to nor approved by the *Autorité des Marchés Financiers*.