

WHITE & CASE

**Dated 21 April 2017
as last amended and restated on 5 May 2020**

**Amended and Restated
Security Agency Agreement**

in relation to the €2,000,000,000 Global Covered Bond Programme

between

Türkiye İş Bankası A.Ş.
as Issuer

and

The Bank of New York Mellon, London Branch
as Security Agent

White & Case LLP
Level 6, Burj Daman
Dubai International Financial Centre
P.O. Box 9705
Dubai
United Arab Emirates

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This Agreement is made on 21 April 2017 as last amended and restated on 5 May 2020

Between:

- (1) **TÜRKİYE İŞ BANKASI A.Ş.**, a banking institution organised as a joint stock company (*anonim şirket*) under the laws of Turkey with (as of the date hereof) its registered office at İş Kuleleri 34330 Levent, Beşiktaş İstanbul, Turkey with LEI 789000FIRX9MDN0KTM91 (the “**Bank**” or the “**Issuer**”); and
- (2) **THE BANK OF NEW YORK MELLON, LONDON BRANCH**, acting through its office at One Canada Square, London E14 5AL United Kingdom, acting in its capacity as security agent under this Agreement (the “**Security Agent**”).

WHEREAS:

- (A) Pursuant to this Agreement as entered into on 21 April 2017, the Issuer appointed the Security Agent to act as the security agent and trustee for the Secured Creditors in connection with, *inter alia*, the Offshore Bank Account Agreement, the Calculation Agency Agreement, this Agreement and the Transaction Security Documents, on the terms and conditions set forth in this Agreement.
- (B) The Issuer has agreed to grant to the Security Agent, for itself and on trust for the Secured Creditors, the security constituted by the Security Assignment (*i.e.*, the Security Assignment Security).
- (C) Pursuant to this Agreement, the Issuer covenants with the Security Agent, in favour of the Security Agent (for itself and for the benefit of the other Secured Creditors), that it will comply with the covenants set out in Schedule 1 (*Issuer Covenants*).
- (D) It is intended that this document take effect as a deed notwithstanding the fact that a party may only execute this document under hand.

Now this Deed witnesses and it is hereby agreed and declared as follows:

1. Definitions and Interpretation

- 1.1 Unless otherwise defined in this Agreement or the context requires otherwise, words and expressions used in this Agreement have the meanings and constructions ascribed to them in the master definitions and construction schedule dated on the date of this Agreement and signed for the purpose of identification by Mayer Brown LLP and White & Case LLP as amended, restated and/or supplemented from time to time (the “**Master Definitions and Construction Schedule**”). For the avoidance of doubt, the “date of this Agreement” shall mean 5 May 2020.
- 1.2 In this Agreement:

“**Counterparty**” means each party to an English Law Transaction Document (other than the Issuer and the Security Agent).

“**Transaction Party**” means a Person who is a party to a Transaction Document.
- 1.3 If there is any conflict between the provisions of the Master Definitions and Construction Schedule and the provisions of this Agreement, the provisions of this Agreement will prevail with respect to this Agreement.
- 1.4 This Agreement shall apply to the issue of all Covered Bonds under the Programme.
- 1.5 References herein to a Series of Covered Bond include the Conditions appertaining thereto and any references to an amount of money due or payable by reference to a Covered Bond

shall include any sum covenanted to be paid by the Issuer under the Agency Agreement in respect of such Covered Bond.

1.6 Construction of Certain References

- (a) References to:
- (i) a “**Counterparty**” or any “**Transaction Party**” shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) “**assets**” includes present and future properties, revenues and rights of every description;
 - (iii) “**disposal**” means a sale, transfer, grant, lease or other disposal (other than the creation of a Security Interest), whether voluntary or involuntary, and dispose will be construed accordingly;
 - (iv) costs, charges, remuneration or expenses include any withholding, value added, turnover or similar tax charged in respect thereof;
 - (v) an action, remedy or method of judicial proceedings for the enforcement of rights of creditors (or any administration, insolvency, bankruptcy, liquidation reorganisation or winding up proceedings) shall include references to the action, remedy or method of judicial proceedings in jurisdictions other than England as shall most nearly approximate such action, remedy or method of judicial proceedings;
 - (vi) a number of days shall refer to calendar days unless business days are otherwise specified; and
 - (vii) the words “include” and “including” shall be deemed to be followed by “without limitation” or “but not limited to” whether or not they are followed by such phrases or words of similar import.
- (b) In the event of any contradiction between any Transaction Security Document and this Agreement, this Agreement shall prevail.

2. Appointments

2.1 Appointment

The Issuer hereby appoints the Security Agent in accordance with the following provisions to act as the agent and trustee of the Secured Creditors under this Agreement and with respect to the Transaction Security Documents and the other Transaction Documents to which it is a party and authorises the Security Agent on behalf of the Secured Creditors to:

- (a) execute each Transaction Document expressed to be executed by the Security Agent; and
- (b) perform such duties and exercise such rights and powers under this Agreement, the Transaction Security Documents and the other Transaction Documents to which it is a party as are specifically delegated to the Security Agent by the terms hereof and thereof, together with such rights, powers and discretions as are reasonably incidental hereto and thereto.

2.2 Additional Security Agents

- (a) The Security Agent may at any time appoint (and subsequently remove) any Person to act as a separate trustee or as a co-trustee jointly with it:
 - (i) if it considers that appointment to be in the interests of the Secured Creditors;
 - (ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or
 - (iii) for obtaining or enforcing any judgment in any jurisdiction,and the Security Agent shall give prior notice to the Issuer, the Covered Bondholders, the Hedging Counterparties (if any) and the Agents of that appointment.
- (b) Any Person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with this Agreement and the other applicable Transaction Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.
- (c) The remuneration that the Security Agent may pay to that Person, and any costs and expenses (together with any applicable VAT) incurred by that Person in performing its functions pursuant to that appointment, shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

2.3 Non-TL Hedge Account and Agency Account Trust

The Non-TL Hedge Account(s) (if applicable) and Agency Account are opened in the name of the Security Agent with the Offshore Account Bank pursuant to the Offshore Bank Account Agreement.

Pursuant to the Security Assignment, the Issuer has assigned all its right, title, interest and benefit, present and future, in, to and under each of the Offshore Bank Accounts in favour of the Security Agent.

Immediately following the creation of the Security Assignment Security pursuant to the Security Assignment, the Security Agent has declared that it holds all rights, title, interest and benefit, present and future, in, to and under: (a) each of the Non-TL Hedge Account(s) (if applicable) for the benefit of and on trust for the Secured Creditors (in the case of Excess Hedge Collateral (if applicable), for the relevant Hedging Counterparty (if any) only); and (b) the Agency Account for the benefit of and on trust for the Reserve Fund Secured Creditors.

2.4 Amounts Held as Banker

All money the Offshore Account Bank holds in the Offshore Bank Accounts is held by it as banker and not as trustee under the Client Money Rules. If the Account Bank fails (as this term is used in the glossary of the FCA Rules), the Client Money Distribution Rules will not apply to such money and so the Issuer and/or the Security Agent, as applicable, will not be entitled to share in any distribution under the Client Money Distribution Rules.

2.5 Contracts (Rights of Third Parties) Act 1999

Any Receiver, any Delegate or the Covered Bondholder Representative may, subject to the Contracts (Rights of Third Parties) Act 1999, rely on any clause of this Agreement which expressly confers rights on it.

3. Fees and Expenses

3.1 Normal Remuneration

- (a) The Issuer agrees to pay to the Security Agent such fees and commissions as the Issuer and the Security Agent shall separately agree in writing in respect of the services of the Security Agent under this Agreement and the other Transaction Documents to which it is a party, together with any duly documented and properly incurred out of pocket expenses (including legal, printing, postage, fax, cable and advertising expenses) incurred by the Security Agent in connection with such services.
- (b) All payments by the Issuer under paragraph (a) above shall be made free and clear of, and without withholding or deduction for, any Taxes unless such withholding or deduction is required by Applicable Law. In the event any such withholding or deduction is required to be made, the Issuer shall pay such additional amounts as will result in the receipt by the Security Agent of the amounts which would otherwise have been receivable by it had no such withholding or deduction been required, other than with respect to FATCA Withholding Tax.

3.2 Extra Remuneration

- (a) If an Issuer Event, Transferability and Convertibility Event or Event of Default shall have occurred, the Issuer hereby agrees that the Security Agent shall be entitled to be paid additional remuneration calculated at its normal hourly rates in force from time to time to the extent that such additional time is a result of such occurrence.
- (b) In any other case, or if the Security Agent considers it expedient or necessary or is requested by the Secured Creditors to undertake duties which the Issuer and the Security Agent consider to be of an exceptional nature or otherwise outside the scope of the Security Agent's normal duties under this Agreement and the other Transaction Documents to which it is a party, the Issuer shall pay such additional remuneration as they may agree (and which may be calculated by reference to the Security Agent's normal hourly rates in force from time to time) or, failing agreement as to any of the matters in this Clause 3.2(b) (*Extra Remuneration*), as determined by an investment bank of reputable standing (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Issuer, or, failing such approval, nominated by the President for the time being of The Law Society of England and Wales. The expenses involved in such nomination and such investment bank's fee shall be paid by the Issuer. The determination of such investment bank shall be conclusive and binding on the Issuer, the Secured Creditors and the Security Agent.

4. Rights, Duties and Responsibility of the Security Agent

4.1 Duties of the Security Agent

- (a) The Security Agent's duties under the Transaction Documents are solely mechanical and administrative in nature.
- (b) The Security Agent shall promptly:
 - (i) forward to a Transaction Party the original or a copy of any document which is delivered to the Security Agent for that Transaction Party by any other Transaction Party; and
 - (ii) inform each of the Covered Bondholders, the Hedging Counterparties (if any) and the Agents of the occurrence of any Reconciliation Event, any Event of

Default or any default by the Issuer in the due performance of or compliance with its obligations under any Transaction Documents of which the Security Agent has received notice from the Issuer.

- (c) The Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document provided to it by any Person and that the Security Agent then forwards to another Transaction Party.
- (d) If the Security Agent receives notice from a Transaction Party referring to any Transaction Document and describing a Reconciliation Event or an Event of Default and stating that the circumstance described is a Reconciliation Event or an Event of Default, it shall promptly notify the Issuer (if not itself such Transaction Party) and each of the Covered Bondholders, the Hedging Counterparties (if any) and the Agents of its receipt of such notice.
- (e) The Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Transaction Documents to which it is a party (and no others shall be implied).

4.2 No Fiduciary Duties

Nothing in this Agreement constitutes the Security Agent as an agent, trustee or fiduciary of any Person that is not a Secured Creditor.

4.3 No Duty to Account

The Security Agent shall not be bound to account to any other Secured Creditor for any sum or the profit element of any sum received by it for its own account.

4.4 Rights and Discretions

- (a) The Security Agent may:
 - (i) rely on or comply with any representation, communication, notice or document delivered to it in writing by one or more Person(s) whom the Security Agent believes in good faith to be an authorised representative of the sender. Except in the case of a *prima facie* manifest error, the Security Agent shall have: (A) no duty or obligation to verify or confirm any such information and (B) no liability for any losses, liabilities, costs or expenses incurred or sustained by the Issuer or any Secured Creditor as a result of such reliance upon or compliance with such information.
 - (ii) assume that:
 - (A) any instructions received by it from the Covered Bondholder Representative are duly given in accordance with the terms of the Transaction Documents;
 - (B) unless it has received notice of revocation from the Covered Bondholder Representative, those instructions have not been revoked; and
 - (C) if it receives any instructions from the Covered Bondholder Representative to act in relation to the Non-Statutory Security, all applicable conditions under the Transaction Documents for so acting have been satisfied;

- (iii) rely on a certificate from any Person to the effect that such Person approves of any particular dealing, transaction, step, action or thing as sufficient evidence that that is the case;
 - (iv) refrain from acting in accordance with the instructions of any Transaction Party or the Covered Bondholder Representative (including bringing any legal action or proceeding arising out of or in connection with the Transaction Documents) until it has received any indemnification, pre-funding and/or security that it may in its discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities (to the extent reimbursable hereunder) which it may incur in so acting;
 - (v) purchase, hold and dispose of Covered Bonds and may enter into any transaction (including, among other transactions, any depositary, trust or agency transaction) with the Issuer and/or any Secured Creditors or with any other Person in the same manner as if it had not been appointed hereunder as the Security Agent; and
 - (vi) allow any bank providing safe custody services or any professional adviser to the Security Agent to retain any share pledge, title deed or other document in connection with any asset over which the Non-Statutory Security is intended to be created, in its possession.
- (b) The Security Agent may assume (unless it has received written notice to the contrary in its capacity as Security Agent for the Secured Creditors) that:
- (i) no Potential Breach of Statutory Test, Issuer Event, Transferability and Convertibility Event or Event of Default has occurred; and
 - (ii) any right, power, authority or discretion under the Transaction Documents vested in any Person (including the Secured Creditors) (in each case, other than the Security Agent itself) has not been exercised.
- (c) The Security Agent may consult with legal and other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered by the Security Agent in good faith under this Agreement and the other Transaction Documents to which it is a party in accordance with the opinion of such advisers; *provided* that, the Security Agent shall notify the Issuer prior to the exercise of this right.
- (d) Without prejudice to the generality of paragraph (c) above, the Security Agent may at any time engage at the cost of the Issuer (to the extent duly documented and reasonable) for the services of any lawyers to act as independent counsel to the Security Agent (and so separate from any lawyers instructed by any other Secured Creditor) if the Security Agent in its reasonable opinion deems this to be necessary; *provided* that, the Security Agent shall notify the Issuer prior to the exercise of this right.
- (e) The Security Agent, any Receiver and any Delegate may act in relation to the applicable Transaction Documents and the Non-Statutory Security through its officers, directors and employees and shall not be liable to any of the other Secured Creditors or the Issuer except for any claim, demand, action, liability damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) arising from the negligence, wilful misconduct or wilful default of any such Security Agent, Receiver or Delegate (acting severally) or of its officers, directors or employees.

- (f) Unless the applicable Transaction Document or written information expressly specifies otherwise, the Security Agent may disclose to any other Transaction Party or Secured Creditor any information it reasonably believes it has received as Security Agent under this Agreement and the other Transaction Documents to which it is a party.
- (g) Notwithstanding any provision of a Transaction Document to the contrary, the Security Agent is not required to undertake any act that may be illegal or contrary to any Applicable Law or fiduciary duty or duty of confidentiality to which the Security Agent is subject and (in the absence of actual knowledge or express notice to the contrary) the Security Agent may assume, and shall not be under any obligation to verify or ascertain, that the Issuer and/or any other Transaction Party is duly performing and complying with its obligations, duties and requirements under the Transaction Documents and any Applicable Law.
- (h) Notwithstanding any other provision to the contrary in this Agreement or any other Transaction Document to which the Security Agent is a party (each a “**Relevant Transaction Document**”), the Security Agent shall not be required to:
 - (i) perform its duties and obligations or exercise its rights and remedies; or
 - (ii) expend or risk its own funds or incur a financial liability,

in each case under a Relevant Transaction Document in circumstances (each such circumstance being a “**Specified Circumstance**”) where amounts are due and payable to the Security Agent under a Relevant Transaction Document and remain unpaid or the repayment of such funds or adequate indemnity against such risk or liability is not assured to the Security Agent). The Security Agent shall be deemed not to be in breach of the Relevant Transaction Documents or otherwise be liable for any failure to perform its duties and obligations or exercise its rights and remedies under a Relevant Transaction Document to the extent it has elected not to act as a result of a Specified Circumstance.

- (i) In the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by any Transaction Document, the Security Agent may act by responsible officers or a responsible officer for the time being of the Security Agent and, to the extent required by Applicable Law or necessary to enforce the Non-Statutory Security, the Security Agent may also, whether by power of attorney or otherwise, delegate to any competent Person(s) or fluctuating body of competent Persons (whether being a joint trustee pursuant to this Agreement or not) all or any of the trusts, powers, authorities and discretions vested in it by any Transaction Document and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate with the consent of the Security Agent) as the Security Agent may think fit and the Security Agent shall not be bound to supervise the proceedings or acts of any such delegate; *provided* that (except to the extent prohibited by Applicable Law) no such delegation may occur unless the applicable delegate has agreed (under English law) to be liable to the Issuer and the Secured Creditors for its negligence, wilful misconduct or wilful default (including that of its officers, directors or employees) and such agreement is enforceable by the Issuer and/or Secured Creditors and cannot be amended, waived or otherwise modified absent the agreement of the Issuer. To the extent that the Security Agent has exercised due care in the selection of such a delegate, the Security Agent shall not be in any way responsible to anyone for any loss, liability, expense, demand, cost or claim incurred by reason of any misconduct, omission or default on the part of such delegate.

- (j) In the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by any Transaction Document, the Security Agent may, to the extent required by Applicable Law or necessary to enforce the Non-Statutory Security, instead of acting personally employ and pay an agent on any terms to transact or concur in transacting any business and to do or concur in doing any acts required to be done by the Security Agent, including the receipt and payment of money, and any agent being a solicitor, broker or other person engaged in any profession or business shall be entitled to be paid all usual professional and other charges for business transacted and acts done by him or any partner of his in connection with the trusts hereof; *provided* that (except to the extent prohibited by Applicable Law) no such employment of an agent may occur unless the applicable agent has agreed (under English law) to be liable to the Issuer and the Secured Creditors for its negligence, wilful misconduct or wilful default (including that of its officers, directors or employees) and such agreement is enforceable by the Issuer and/or Secured Creditors and cannot be amended, waived or otherwise modified absent the agreement of the Issuer. To the extent that the Security Agent has exercised due care in the selection of such an agent, the Security Agent shall not in any way be responsible to anyone for any loss, liability, expense, demand, cost or claim incurred by reason of any misconduct, omission or default of any such person duly appointed by it hereunder in good faith or be bound to notify anyone of such appointment or to supervise the acts of such agent.

4.5 Responsibility for Documentation

None of the Security Agent, the Receiver nor any Delegate is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by any other Person in or in connection with any Transaction Document or the transactions contemplated in the Transaction Documents, or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
- (b) subject to the Security Agent's representations in Clause 6.1 (*Representations and warranties by the Security Agent*), the legality, validity, effectiveness, adequacy, perfection or enforceability of any Transaction Security Document, the Non-Statutory Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Security Document or the Non-Statutory Security; or
- (c) except to the extent it has been notified that such information is confidential, any determination as to whether any information provided or to be provided to any Secured Creditor is non-public information the use of which may be regulated or prohibited by Applicable Law relating to insider dealing or otherwise.

4.6 No Duty to Monitor

The Security Agent shall not be bound to enquire:

- (a) whether or not any Potential Breach of Statutory Test, Issuer Event, Transferability and Convertibility Event or Event of Default has occurred;
- (b) as to the performance, default or any breach by any other Person of its obligations under any Transaction Document; or
- (c) whether any other event specified in any Transaction Document has occurred.

4.7 Exclusion of Liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Transaction Security Document excluding or limiting the liability of the Security Agent, the Receiver or any Delegate), none of the Security Agent, the Receiver nor any Delegate will be liable for:
- (i) any damages, costs or losses to any Person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Transaction Security Document or the Non-Statutory Security unless caused by its negligence, wilful misconduct or wilful default or that of its officers, directors or employees;
 - (ii) exercising or not exercising any right, power, authority or discretion given to it by, or in connection with, any Transaction Security Document, the Non-Statutory Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Security Document or the Non-Statutory Security unless caused by its negligence, wilful misconduct or wilful default or that of its officers, directors or employees;
 - (iii) any shortfall that arises on the enforcement or realisation of the Non-Statutory Security;
 - (iv) without prejudice to the generality of paragraphs (i) to (iii) above, any damages, costs, losses, diminution in value or liability whatsoever arising as a result of:
 - (A) any Force Majeure Event; or
 - (B) the general risks of investment in, or the holding of assets in, any jurisdiction;
 - (v) any loss, cost, damage, expense or liability occasioned to the Non-Statutory Security, however caused, by the Administrator, whether or not acting in accordance with the Covered Bonds Communiqué, or any other Person (including any bank, broker, depository, warehouseman or other intermediary or by any clearing system or the operator thereof), or otherwise, unless caused by the negligence, wilful misconduct or wilful default of the Security Agent, the Receiver or a Delegate (or their respective officers, directors or employees), respectively;
 - (vi) any decline in value or any loss realised upon any sale or other disposition of any Non-Statutory Security pursuant to any Transaction Document; or
 - (vii) any deficiency that might arise because the Security Agent, the Receiver or a Delegate is subject to tax (other than in respect of its net income) in respect of the Non-Statutory Security or any party thereof or any income thereon or any proceeds thereof.
- (b) Except to the extent provided in paragraphs (i) and (j) of Clause 4.4 (*Rights and Discretions*), no party to this Agreement may take any proceedings against any officer, employee or agent of another such party, the Receiver or a Delegate in respect of any claim it might have against that party, the Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Non-Statutory Security and any officer, employee or agent of such a party, the Receiver or a Delegate may rely on this paragraph subject to the provisions of the Contracts (Rights of Third Parties) Act 1999. For the

avoidance of doubt, and subject to paragraphs (i) and (j) of Clause 4.4 (*Rights and Discretions*), only each party, the Receiver or a Delegate can take proceedings against its own officers, employees or agents.

- (c) Nothing in this Agreement or any other Transaction Document to which the Security Agent is a party shall oblige the Security Agent to carry out:
 - (i) any “know your customer” or other checks in relation to any Person; or
 - (ii) any check on the extent to which any transaction contemplated by the Transaction Documents might be unlawful for any Secured Creditor.

4.8 Investments

Following the occurrence of an Event of Default (as defined in Condition 10 (*Events of Default*)) which is continuing, all moneys received by the Security Agent under the Security Assignment may be placed by the Security Agent on deposit in the name of, or under the control of, the Security Agent at any bank or institution (including itself) and upon such terms as it may think reasonably fit. The Security Agent shall not be liable to any Person for any loss (including loss of profit) or liability resulting from such investments or terms (unless directly caused by its negligence, wilful misconduct or wilful default).

4.9 Information

To the extent in its possession and for which disclosure is not contrary to Applicable Law (including with respect to customer data protection) or any applicable confidentiality obligation, the Issuer must supply the Security Agent with any information that the Security Agent may reasonably request as being necessary to enable it to perform its functions under this Agreement and the other Transaction Documents to which it is a party.

4.10 Confidentiality

- (a) If information is received by another division or department of the Security Agent, it may be treated as confidential to that division or department and the Security Agent shall not be deemed to have notice of it.
- (b) Notwithstanding any other provision of any Transaction Document to the contrary, the Security Agent is not obliged to disclose to any other Person: (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any Applicable Law or a breach of a fiduciary duty.

4.11 No Responsibility to Perfect Non-Statutory Security

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of the Issuer to any of the Non-Statutory Security;
- (b) except with respect to itself, obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Transaction Security Document or the Non-Statutory Security;
- (c) register, file, record or otherwise protect any of the Non-Statutory Security (or the priority of any of the Non-Statutory Security) under any Applicable Law or to give notice to any Person of the execution of any Transaction Document or of the Non-Statutory Security;

- (d) take, or to require the Issuer to take, any steps to perfect its title to any of the Non-Statutory Security or to render the Transaction Documents effective or to secure the creation of any ancillary Security Interests under any Applicable Law; or
- (e) require any further assurances in relation to any Transaction Document.

4.12 Insurance by Security Agent

The Security Agent shall not be obliged:

- (a) to insure any of the Non-Statutory Security;
- (b) to require any other Person to maintain any insurance; or
- (c) to verify any obligation to arrange or maintain insurance contained in any Transaction Document,

and the Security Agent shall not be liable for any damages, costs or losses to any Person as a result of the lack of, or inadequacy of, any such insurance.

4.13 Custodians and Nominees

The Security Agent may appoint and pay any competent Person to act as a custodian or nominee on any terms in relation to any asset of the trust created under this Agreement or a Transaction Security Document as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or a Transaction Security Document or any document relating to such trust. To the extent that the Security Agent has exercised due care in the selection of any such custodian or nominee, the Security Agent shall not be in any way responsible for any liability incurred by reason of any misconduct or default on the part of any such custodian or nominee or be bound to supervise the proceedings or acts of any such custodian or nominee.

4.14 Acceptance of Title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that the Issuer may have to any of the Non-Statutory Security and shall not be liable for, or bound to require the Issuer to remedy, any defect in its right or title.

4.15 Winding up of Trust

If, after the request of the Issuer, the Security Agent:

- (a) determines that all of the Secured Obligations have been fully and finally discharged (other than any potential indemnity or similar liability that has not yet been notified to the Security Agent by the applicable Secured Creditor); and
- (b) receives from the Issuer certification that no Secured Creditor is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to the Issuer pursuant to the Transaction Documents,

then, as promptly as reasonably possible, the trusts set out in this Agreement shall be wound up and terminated and the Security Agent shall release, without recourse or warranty, all of the Non-Statutory Security and the rights of the Security Agent under each of the Transaction Documents (except with respect to any indemnity and other rights specifically expressed in such Transaction Documents to survive such termination).

4.16 Powers Supplemental to Trustee Acts

Except where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of the Transaction Documents to which the Security Agent is a party, the rights, powers, authorities and discretions given to the Security Agent by this Agreement shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by Applicable Law or otherwise.

4.17 Disapplication of Trustee Acts

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent permitted by Applicable Law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

4.18 Power of Attorney

Subject to Clauses 7.3 (*Resignation of the Security Agent*) and 7.4 (*Cessation as Security Agent*), the Issuer by way of security for its obligations under this Agreement irrevocably appoints the Security Agent to be its attorney to do anything which the Issuer has authorised the Security Agent or any Receiver or Delegate to do under this Agreement or is itself required to do under this Agreement but has failed to do.

4.19 Other Relationships

The Security Agent may purchase, hold and dispose of Covered Bonds and may enter into any transaction (including, among other transactions, any depositary, trust or agency transaction) with the Issuer and/or any Secured Creditors or with any other Person in the same manner as if it had not been appointed hereunder as the Security Agent.

4.20 Conflict with Transaction Documents

If there is any conflict between the provisions of this Agreement and any other Transaction Document with regard to instructions to or other matters affecting the Security Agent, this Agreement will prevail.

4.21 Conflict between Secured Creditors

Without prejudice to the generality of the foregoing, the Security Agent shall, in its exercise of such powers, trusts, authorities, duties, rights and discretions, have regard only to the interests of the Covered Bondholders in accordance with the Conditions. The Security Agent shall have no regard to the interest of any other Secured Creditor and no such other Secured Creditor shall have any claim against the Security Agent for so doing except in the case of negligence, wilful misconduct or wilful default. Each of the Secured Creditors (other than the Security Agent) acknowledges (or, by accepting rights under the Transaction Documents, shall be deemed to acknowledge) that the Security Agent shall not be bound to take any steps or institute any proceedings after the service of a Notice of Default or to take any other action to enforce the Security Interests constituted by the Non-Statutory Security unless the Security Agent shall first have been instructed and indemnified and/or secured and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.

In acting on the instructions of the Covered Bondholder Representative, the Security Agent shall not be required to consider the interests of any other Secured Creditor. The Security Agent shall not be required to take any action that would involve the Security Agent in any

liability or expense (unless previously pre-funded and/or indemnified and/or secured to its satisfaction). The Security Agent shall not, in any event, have regard to the consequences for individual Secured Creditors resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular jurisdiction. No Secured Creditor shall be entitled to require from the Issuer or the Security Agent, nor shall any Secured Creditor be entitled to claim from the Issuer or the Non-Statutory Security, any indemnification or other payment in respect of any consequence (including any tax consequence) for such individual Secured Creditor of any such exercise.

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

- 4.22** Nothing shall oblige the Security Agent, and the Security Agent shall have no duty, to become a mortgagee in possession. Without prejudice to the generality of the foregoing, entry into possession of the Non-Statutory Security shall not render the Security Agent or the Receiver liable to account as mortgagee or heritable creditor in possession or to be liable for any loss on realisation or for any default or omission on realisation or for any default or omission for which a mortgagee or heritable creditor in possession might be liable unless such loss, default or omission is caused by its negligence, wilful misconduct or wilful default; and if and whenever the Security Agent or the Receiver enters into possession of the Non-Statutory Security, it shall be entitled at any time at its pleasure to go out of such possession.
- 4.23** Each of the Issuer and (by accepting the benefits hereof) the Secured Creditors agrees and acknowledges (or shall be deemed to agree and acknowledge) that in the event of an enforcement of the Non-Statutory Security or the appointment of the Receiver, the Security Agent shall not be obliged to indemnify out of its own money the Receiver for any of its costs, charges, liabilities or expenses or to advance, in whatever form, any moneys to the Receiver or any other Person arising out of or in connection with such enforcement or to carry on or to require the Receiver to carry on any business carried on from time to time in connection with the Non-Statutory Security.
- 4.24** The Issuer will pay all stamp duties, land registry and similar fees, filing and registration fees and other transaction taxes required in relation to or for the purpose of procuring the execution, validity, enforceability or carrying into effect of this Agreement, the Transaction Security Documents and the Non-Statutory Security and keep the Security Agent and the other Secured Creditors indemnified against any failure or delay in paying the same.
- 4.25** The Security Agent shall be entitled to rely on (and to accept as *prima facie* evidence save in the case of manifest error) a certificate from each Secured Creditor as to the amounts owed to such Secured Creditor under the Transaction Documents. The Security Agent shall not take into account for the purpose of the application of moneys any amounts of which it has not been notified by the intended recipient on or prior to the date in question.

4.26 Covered Bondholder Representative

In order for the Covered Bondholders to direct or instruct the Security Agent under this Agreement, the Transaction Security Documents and/or the other Transaction Documents to which the Security Agent is a party, the Majority Instructing Creditor shall appoint a representative (which may be any Person and need not be a Covered Bondholder) (such

representative, the “**Covered Bondholder Representative**”) on such terms as the Majority Instructing Creditor thinks fit, to act as the representative of the Covered Bondholders. In this Agreement, references to the Covered Bondholder Representative shall be construed as meaning the Covered Bondholder Representative acting as directed, instructed and/or requested by the Majority Instructing Creditor.

The Security Agent shall have no duty to verify the authority of the Covered Bondholder Representative and the Security Agent shall be entitled (without enquiry) to rely on any instruction received from any Person whom the Security Agent believes in good faith to be the Covered Bondholder Representative. The procedures relating to the appointment of the Covered Bondholder Representative are set out in Schedule 3 (*Provisions for Meetings of Covered Bondholders*) of the Agency Agreement.

5. Issuer Covenants

- 5.1** The Issuer covenants in favour of the Security Agent (for itself and for the benefit of the other Secured Creditors) that, so long as any Covered Bonds remain outstanding, it will comply with the covenants set out in Schedule 1 (“**Issuer Covenants**”).
- 5.2** The covenants of the Issuer in this Agreement shall remain in force until this Agreement is terminated and thereupon shall terminate but without prejudice to any right or remedy of the Security Agent arising from breach of any such covenant prior to the date of termination of this Agreement.

6. Representations and Warranties

6.1 Representations and warranties by the Security Agent

As of the Programme Closing Date and each Issue Date, the Security Agent represents and warrants to the Issuer that:

- (a) it is duly incorporated, constituted and existing and it conducts its activities in accordance with Applicable Law and its constitutive documents (including, in particular, its articles of association);
- (b) it has full power and capacity to enter into this Agreement and performance by it of this Agreement has been duly authorised by its board or by any other competent body;
- (c) all permits, licences and authorisations which may be necessary for the conclusion and performance of this Agreement by it have been obtained and remain valid;
- (d) its conclusion and performance of this Agreement does not contravene any provision of any Applicable Law or its constitutive documents (including, in particular, its articles of association), and
- (e) this Agreement constitutes a set of rights and obligations which are legal, valid, binding on and enforceable against it in all respects, subject to equitable principles and to applicable bankruptcy or other similar Applicable Laws affecting the rights of creditors generally.

6.2 Representations and warranties of the Issuer

As of the Programme Closing Date, the Issuer represents and warrants to the Security Agent that its conclusion and performance of this Agreement does not contravene any provision of any Applicable Law or its constitutive documents (including, in particular, its articles of

association). In addition, the Issuer represents and warrants to the Security Agent (for itself and for the benefit of the other Secured Creditors) as provided in Schedule 4 hereto.

7. Miscellaneous

7.1 Information

- (a) In acting as a Security Agent, the agency division of the Security Agent is (with respect to its receipt of notices and other communications under the Transaction Documents) treated as a separate entity from its other divisions and departments. The Security Agent's determinations made in the course of its duties as Security Agent under this Agreement, the Transaction Security Documents, the Offshore Bank Account Agreement and/or the Calculation Agency Agreement including, without limitation, determinations made in respect of any calculation or amounts, shall be binding on the Secured Creditors absent negligence, wilful misconduct or wilful default or, in respect of any calculation, manifest or proven error.
- (b) Except as provided in this Agreement, the Security Agent has no duty:
 - (i) either initially or on a continuing basis to provide any Secured Creditor with any credit or other information concerning the risks arising under or in connection with this Agreement, the Security Assignment, the Offshore Bank Account Agreement and/or the Calculation Agency Agreement (including any information relating to the financial condition or affairs of any Counterparty or its related entities or the nature or extent of recourse against any party or its assets) whether coming into its possession before, on or after the date of this Agreement; or
 - (ii) unless specifically requested to do so by the Covered Bondholder Representative, in accordance with the Security Assignment, to request any certificate or other document from any Counterparty.

7.2 Compliance

The Security Agent may refrain from doing anything (including disclosing any information) which might, in its opinion, constitute a breach of any Applicable Law or be actionable at the suit of any Person, and may do anything which, in its opinion, is necessary or desirable to comply with any Applicable Law.

7.3 Resignation of the Security Agent

- (a) The Security Agent may without giving any reason resign and appoint one of its affiliates as successor security agent by giving not less than 60 days' prior written notice to the Issuer and the Secured Creditors, specifying the date on which its desired resignation shall (subject as provided in paragraph (e) below) become effective.
- (b) Alternatively the Security Agent may without giving any reason resign by giving not less than 60 days' prior written notice to the Issuer and the Secured Creditors, in which case the Issuer may appoint a successor Security Agent, *provided* that no such resignation shall be effective until a successor Security Agent has been appointed in accordance with this Clause 7.3 (*Resignation of the Security Agent*).
- (c) If the Issuer has not appointed a successor Security Agent in accordance with paragraph (b) above within 60 days after notice of resignation was given, the retiring Security Agent may (with the consent of the Issuer, such consent not to be unreasonably withheld or delayed; *provided* that the consent of the Issuer shall not be

required if an Event of Default has occurred and is then continuing) appoint in its place a financial institution or financial adviser, of international repute and with appropriate expertise, and agreeing to terms substantially on the same terms as those of this Agreement, consistent with those prevailing in the security agency market as the successor Security Agent or acceding to this Agreement, as applicable.

- (d) In connection with any such resignation, the retiring Security Agent shall (at its own cost) make available to the successor Security Agent such documents and records as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Transaction Security Documents, the Offshore Bank Account Agreement and the Calculation Agency Agreement.
- (e) Upon the appointment of a successor, the retiring Security Agent shall (except with respect to its actions or inactions before such appointment) be discharged from any further obligation in respect of the Transaction Security Documents, the Offshore Bank Account Agreement and the Calculation Agency Agreement (other than its obligations under paragraph (d) above), but shall remain entitled to the benefit of Clause 7.5 (*Indemnities*) and this Clause 7.3 (and any Security Agent fees for the account of the retiring Security Agent shall cease to accrue from (and shall be payable on) that date). Any such successor and the Issuer shall have the same rights and obligations between themselves as they would have had if that successor had been an original party. The Issuer and its affiliates may not act as a successor Security Agent under this Agreement.
- (f) The Covered Bondholder Representative or (other than during the occurrence of a Reconciliation Event or Event of Default which is continuing) the Issuer may, by giving not less than 45 days' notice to the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Issuer unless such notice from the Covered Bondholder Representative or the Issuer is as a result of any breach by the Security Agent of any of its obligations under the Transaction Documents.
- (g) Upon any replacement of the Security Agent, whether as a result of resignation or otherwise, any Delegates, Receivers, holders of powers of attorney, authorised persons or other representatives, appointees or agents of the departing Security Agent shall be immediately and automatically terminated without any action by any Person.

7.4 Cessation as Security Agent

In case at any time the Security Agent becomes incapable of acting or is adjudged insolvent, or files a voluntary petition in insolvency or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or a substantial part of its property, or if an administrator, liquidator or administrative or other receiver of all or a substantial part of its property is appointed or it admits in writing its inability to pay or meet its debts as they fall due or suspends payment thereof, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable insolvency Applicable Law or if a receiver of it or of all or a substantial part of its property is appointed or if any officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation, administration or liquidation, a successor security agent, which shall be a financial institution or financial adviser, of international repute and with appropriate expertise, may be appointed by the Issuer. Upon the appointment as aforesaid of a successor security agent and acceptance by the latter of such appointment (other than in case of insolvency of the Security Agent, when it shall be of immediate effect), the Security Agent so superseded shall cease to be the security agent hereunder. In connection with any such replacement, the departing Security Agent shall

(at its own cost) make available to the successor Security Agent such documents and records as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Transaction Security Documents, the Offshore Bank Account Agreement and the Calculation Agency Agreement.

7.5 Indemnities

- (a) The Issuer shall indemnify the Security Agent, the Receiver and any Delegate and their respective directors, officers, employees, agents and controlling Persons against all losses, liabilities, damages, claims, actions and demands and all duly documented and properly incurred costs, fees and expenses (including, but not limited to, all properly incurred costs, charges, fees and reasonable expenses paid or incurred in disputing or defending any of the foregoing, including reasonable legal fees and expenses and any value added tax thereon) (“**Losses**”) which any of them may incur, or which may be made against any of them, as a result of or in connection with the appointment of, or the exercise of the powers and duties by, the Security Agent under this Agreement and the other Transaction Documents to which it is a party, in each case excluding any liability for Losses arising from the negligence, wilful misconduct or wilful default of any such Person and subject to presentation of evidence of the Loss to be indemnified against; *provided* that such shall exclude any tax liabilities arising to the Security Agent or any other such Person by reference to its income or profits in respect of remuneration relating to the Transaction Documents.

References to the Security Agent and the Receiver in this paragraph (a) shall include references to any substitute or delegate appointed pursuant to Clause 13 (*Further Assurances and Power of Attorney*) of the Security Assignment.

- (b) Under no circumstances will either party to this Agreement be liable to any other Person under this Agreement for any consequential loss (including loss of business, goodwill, opportunity or profit) or any special or punitive damages of any kind whatsoever, in each case however caused or arising and whether or not foreseeable, even if advised of the possibility of such loss or damage and regardless of whether such claim for loss or damage is made in negligence, breach of contract or otherwise; *provided* that such shall not apply to any such damages that any such Person has to pay to a third party, for which such Person may (to the extent otherwise permitted to be indemnified under the applicable agreement or Applicable Law) seek reimbursement.
- (c) The indemnity set out in this Clause 7.5 shall survive any termination or expiry of this Agreement or resignation or removal of the Security Agent.

7.6 Amendments and Waivers

Any provision of this Agreement may be amended or waived; *provided* that such amendment or waiver is in writing and is signed by the parties to this Agreement. Notwithstanding the preceding sentence, the Issuer may (without the consent of the other party hereto) make any amendment to this Agreement in the manner described in Clause 32 (*Amendments*) of the Agency Agreement, the provisions of which shall also apply to this Agreement as if expressly incorporated herein *mutatis mutandis*.

7.7 Recordings

The Issuer and the Security Agent understand and agree that the Security Agent or the Issuer may record all telephone and electronic instructions and information and that the Security Agent or the Issuer may use such recordings as evidence in legal proceedings. Accordingly, the Issuer and the Security Agent will inform their respective officers of the recording of

telephone conversations/dealings and electronic dealings between the parties to this Agreement.

7.8 Exercise of rights

A failure or delay in exercising a right under this Agreement or a Transaction Security Document shall not be construed as a waiver of such right and shall not prevent any further exercise of such right at a later stage.

7.9 FATCA Withholding Tax

- (a) The Security Agent shall be entitled to deduct FATCA Withholding Tax from any payment it makes under the Transaction Documents, and shall have no obligation to gross-up any payment or to pay any additional amount as a result of such FATCA Withholding Tax. The Issuer agrees to hold harmless the Security Agent for any Liability the Security Agent may suffer due to the actions the Security Agent takes to comply with the Code and/or FATCA in connection with the Transaction Documents save for any Liability arising from the negligence, wilful misconduct or wilful default of the Security Agent.
- (b) In the event that: (i) the Issuer is or becomes a Participating FFI and (ii) Covered Bonds are issued or amended (or any terms of the Covered Bonds that were issued on or before the Grandfathering Date are waived) after the Grandfathering Date (save in the case of an amendment or waiver in respect of which an opinion or certificate is provided pursuant to paragraph (c) below that such amendment or waiver will not constitute a Material Modification), the Issuer will notify the Security Agent as soon as is practicable of: (A) the fact that the Issuer is or has become a Participating FFI and (B) any other information known to the Issuer and pertaining to the Issuer necessary for the Security Agent to determine the amount, if any, it is required to withhold or deduct in respect of any FATCA Withholding Tax in relation to any payment under the Covered Bonds.
- (c) In the event that: (i) the Issuer is or becomes a Participating FFI and (ii) any terms of any outstanding Covered Bonds that were issued on or before the Grandfathering Date are amended or waived after the Grandfathering Date, the Issuer will, as soon as is practicable, either: (A) provide the Security Agent either: (1) an opinion of independent tax counsel that such amendment or waiver will not constitute a Material Modification of the applicable Covered Bonds or (2) a certificate signed by two authorised signatories of the Issuer certifying that in the opinion of the Issuer such amendment or waiver will not constitute a Material Modification of the applicable Covered Bonds, or (B) notify the Security Agent that the Issuer intends to treat the Covered Bonds as having undergone a Material Modification and provide the Security Agent with the effective date of such Material Modification.
- (d) The Security Agent undertakes that in the event that it fails to become by any applicable due date (or, on or after such due date, ceases to be) a Person to whom payments may be made free from FATCA Withholding Tax, it shall promptly inform the Issuer that it is subject to FATCA Withholding Tax. In the event that: (i) the Issuer is or becomes a Participating FFI, (ii) Covered Bonds are issued or amended (or any terms of Covered Bonds that were issued on or before the Grandfathering Date are waived) after the Grandfathering Date (save, in the case of an amendment or waiver in respect of which an opinion or certificate is provided pursuant to paragraph (c) above that such amendment or waiver will not constitute a Material Modification) and (iii) the Issuer determines in its sole discretion that FATCA Withholding Tax will be required in connection with any payment due to the Security Agent on any Covered Bonds, then the Issuer will be entitled to redirect or reorganise any such payment in any way that it sees fit in order that the payment may be made without

FATCA Withholding Tax; *provided* that any such redirected or reorganised payment is made through a recognised institution of international standing and otherwise made in accordance with this Agreement and the Conditions. The Issuer will promptly notify the Security Agent and the applicable Covered Bondholders of any such redirection or reorganisation.

- (e) The Security Agent shall: (i) at the request of the Issuer, request from Covered Bondholders such documentation reasonably requested by the Issuer, including information and/or properly completed and signed tax certifications (collectively, the “**Tax Information**”), that the Issuer may require to meet its tax reporting requirements or other obligations (including relating to Tax Sharing Legislation, FATCA Withholding Tax and similar Applicable Law), (ii) comply with all applicable withholding and reporting requirements of Applicable Law (including under the Code, including FATCA, and all Tax Sharing Laws) and (iii) promptly reasonably upon request but subject to domestic data privacy, bank secrecy and other Applicable Law, provide to the Issuer any Tax Information: (A) received from Covered Bondholders pursuant to sub-paragraph (i) above and/or (B) relating to itself.

7.10 Merger, Consolidation, etc.

Any entity into which the Security Agent may be merged or converted, or any entity with which the Security Agent may be consolidated, or any entity resulting from any merger, conversion or consolidation to which the Security Agent shall be a party, or any entity to which the Security Agent shall sell or otherwise transfer all or substantially all the assets of the Security Agent shall, on the date when such merger, conversion, consolidation or transfer becomes effective and to the extent not prohibited by any Applicable Law, become the successor Security Agent under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto, unless requested by the Issuer and after the said effective date all references in this Agreement to the Security Agent shall be deemed to be references to such entity. Written notice of any such merger, conversion, consolidation or transfer (or, subject to any Applicable Laws, of any pending such merger, conversion, consolidation or transfer) shall be promptly given to the Issuer by the Security Agent.

7.11 Article 29

Notwithstanding anything in the Transaction Documents to the contrary, but subject to Clause 10.7(b) of the Security Assignment, the parties hereto hereby acknowledge and agree that the claims of the Other Secured Creditors against the Cover Pool are permitted only to the extent that the Issuer has provided Additional Cover in the manner described in Article 29 of the Covered Bonds Communiqué; *however*, the Covered Bonds Communiqué does not, as of the Programme Closing Date, provide for the Other Secured Creditors to have any senior or *pari passu* claims over any such Additional Cover. If the Issuer:

- (a) has not provided Additional Cover in the manner described in Article 29 of the Covered Bonds Communiqué, then the Other Secured Creditors will not be permitted to have recourse to the Cover Pool and (except to the extent of any applicable Non-Statutory Security available to such Other Secured Creditors pursuant to the Transaction Documents and, with respect the Reserve Fund Secured Creditors, except with respect to the Agency Account) their claims will rank *pari passu* with the other unsecured creditors of the Issuer, and
- (b) has provided Additional Cover, then the Other Secured Creditors would have access to any remaining such Additional Cover after the Total Liabilities have been paid in full, with any remaining claims against the Issuer (after applying any applicable Non-Statutory Security available to such Other Secured Creditors) ranking *pari passu* with the other unsecured creditors of the Issuer.

8. Force majeure

No party to this Agreement shall be deemed to be in breach of this Agreement or otherwise be liable for any failure to perform its duties and obligations hereunder if it is prevented, hindered from or delayed in performing any and/or all such duties and obligations by any Force Majeure Event.

The party affected by the Force Majeure Event shall:

- (a) as soon as reasonably practicable after the start of the Force Majeure Event, notify the other party in writing of the Force Majeure Event, the date on which it started, its likely or potential duration, and the effect of the Force Majeure Event on its ability to perform any of its duties and obligations under this Agreement; and
- (b) use all reasonable endeavours to mitigate the effect of the Force Majeure Event on the performance of its duties and obligations hereunder.

9. Communications

9.1 Communications in Writing

- (a) All communications hereunder shall be by electronic communication (including e-mail), fax or letter delivered by hand. Each communication hereunder shall be made to the relevant party at the e-mail address, fax number or address and, in the case of a communication by electronic address, fax or letter, marked for the attention of, or (in the case of a communication by e-mail) made to, the person or department from time to time specified in writing by that party to the others for the purpose. The initial fax number, address, e-mail and person or department so specified by each party are set out in Clause 9.3 (*Notice*).
- (b) Pursuant to Article 18/III of the Turkish Commercial Code (No: 6102), notices or communications to the Issuer described relating to termination and default shall be given, for evidentiary purposes, to the Issuer by a Turkish notary, by registered post or by e-mail with secure electronic signature.
- (c) Unless it is agreed to the contrary, any consent or agreement required under this Agreement must be given in writing.
- (d) The parties acknowledge and agree that, in addition to other permissible legal evidence pursuant to the Civil Procedure Code of Turkey (Law No. 6100), any notice, demand, request or other communication pursuant to this Agreement that is made by fax or e-mail shall constitute legally written evidence between the parties thereto pursuant to the first sentence of Article 193 of the Civil Procedure Code of Turkey (Law No. 6100).
- (e) Any notice given under or in connection with this Agreement shall be in English. All other documents provided under or in connection with this Agreement shall be:
 - (i) in English; or
 - (ii) if not in English, upon the request of the applicable recipient, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document and any documents received by the Security Agent shall, if not in English, be accompanied by a certified English translation thereof to the extent requested by the Security Agent.

9.2 Time of Receipt

A communication under this Agreement shall be deemed received: (a) if delivered in person, at the time of delivery, (b) if by electronic communication, when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending; *provided* that no delivery failure notification is received by the sender within 24 hours of sending such communication, (c) if by fax, when an acknowledgement of receipt is received, or (d) if by letter, when delivered, in each case in the manner required by this Clause 9. However, if a communication is received after business hours on any business day or on a day which is not a business day in the place of receipt, it shall be deemed to be received and become effective at the opening of business on the next business day in the place of receipt. Every communication shall be irrevocable save in respect of any manifest error in it.

9.3 Notice

(a) Except as provided below, the contact details of each party for all communications in connection with this Agreement are those notified by that party for this purpose to the other party on or before the date it becomes a party.

(b) The contact details of the Issuer for this purpose are:

Address: Türkiye İş Bankası A.Ş.
İş Kuleleri
34330 Levent / İstanbul
Turkey

Telephone: +90 212 316 2810/+90 212 316 2841

Fax: +90 212 316 0832

E-mail: is.sf@isbank.com.tr

Attention: International Financial Institutions Division

(c) The contact details of the Security Agent for this purpose are:

Address: The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL

Fax: +44 207 964 2533

E-mail: corpsov2@bnymellon.com

Attention: Corporate Trust Administration – Türkiye İş Bankası A.Ş.

(d) Any party hereto may change its contact details by giving at least five London Business Days' notice to the other party.

(e) Where a party nominates a particular department or officer to receive a communication, a communication will not be effective if it fails to specify that department or officer.

9.4 Electronic Communications

The Security Agent may rely upon and comply with instructions and directions hereunder sent by e-mail, facsimile and other similar unsecured electronic methods or through BNY Mellon Connect (“**Electronic Methods**”) by persons reasonably believed by it to be authorised to

give instructions and directions on behalf of another party hereto. The Security Agent shall have no duty or obligation hereunder to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorised to give instructions or directions on behalf of the Issuer (other than to verify that the signature on a facsimile is the signature of a person authorised to give instructions and directions on behalf of the Issuer) and shall have no liability for any losses, liabilities, costs or expenses incurred or sustained by the Issuer as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees to assume all risks arising out of the use by it of Electronic Methods to submit instructions and directions to the Security Agent, including, without limitation, the risk of the Security Agent acting on unauthorised instructions, and the risk of interception and misuse by third parties. The Issuer agrees that the indemnity set out in Clause 7.5 (*Indemnities*) shall, subject to the qualifications set out therein, apply in respect of any loss or liability suffered by the Security Agent as a result of acting upon instructions and directions sent by Electronic Methods.

10. Governing Law

This Agreement and any non-contractual obligations arising out of or in connection with this Agreement are governed by, and shall be construed in accordance with, English law.

11. Enforcement

11.1 Jurisdiction of English courts

- (a) The parties to this Agreement agree that the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) have exclusive jurisdiction to settle any dispute, claim, difference or controversy among the parties hereto arising out of, relating to or having any connection with this Agreement, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (together referred to as “**Proceedings**”), and each party submits to the exclusive jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) with respect thereto.
- (b) To the full extent permitted by Applicable Law, each party hereto irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any of the courts described in Clause 11.1(a) and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.
- (c) Nothing contained in this clause shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not, to the extent allowed by Applicable Law.
- (d) The Issuer agrees, without prejudice to the enforcement of a judgment obtained in the High Court of Justice of England and Wales in London (and any competent United

Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) according to the provisions of Article 54 of the International Private and Procedural Law of Turkey (Law No. 5718), that in the event that any action is brought in relation to the Issuer in a court in Turkey in connection with this Agreement, in addition to other permissible legal evidence pursuant to the Civil Procedure Code of Turkey (Law No. 6100), any judgment obtained in such courts in connection with such action shall (in addition to the other evidence) constitute conclusive evidence of the existence and amount of the claim against the Issuer pursuant to the provisions of the first sentence of Article 193 of the Civil Procedure Code of Turkey (Law No. 6100) and Articles 58 and 59 of the International Private and Procedural Law of Turkey (Law No. 5718).

- (e) To the extent that any party hereto may in any jurisdiction claim for itself or its assets or revenues any immunity in relation to any Proceedings, including, without limitation, immunity from the jurisdiction of any court or tribunal, suit, service of process, injunctive or other interim relief, any order for specific performance, any order for recovery of land, any attachment (whether in aid of execution, before judgment or otherwise), any process for execution of any award or judgement or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to such party or its assets or revenues, each party hereto agrees not to claim and irrevocably waives such immunity to the full extent permitted by the Applicable Laws of such jurisdiction.

11.2 Service of Process

In connection with any Proceedings, service of process may be made upon the Issuer at any of its branches or other offices in England (including, as of the date of this Agreement, its branch at 8 Princes Street, London EC2R 8HL, England) and the Issuer undertakes that, in the event of its ceasing to have such a branch or other office in England, it shall promptly appoint another Person as its agent for that purpose. Failing this, the Security Agent may appoint an agent for this purpose; *provided* that the Issuer may thereafter appoint a replacement therefor. This Clause does not affect any other method of service allowed by Applicable Law.

12. Counterparts and Invalidity

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

If any provision in or obligation under this Agreement is or becomes invalid, illegal or unenforceable in any respect under the Applicable Law of any jurisdiction, that will not affect or impair: (a) the validity, legality or enforceability under the Applicable Law of that jurisdiction of any other provision in or obligation under this Agreement and (b) the validity, legality or enforceability under the Applicable Law of any other jurisdiction of that or any other provision in or obligation under this Agreement.

13. Assignment

- 13.1** The Issuer shall not be entitled to assign or transfer all or any of its rights or obligations hereunder without the prior consent of the Security Agent, except that: (a) the Issuer may assign the benefit of its rights, title, interest and benefit, present and future, in, to and under this Agreement to the Security Agent pursuant to the Security Assignment; and (b) the Issuer may assign, transfer and/or novate, as applicable, all or part of its obligations and rights, title, interest and benefit, present and future, in, to and under this Agreement to a replacement Issuer appointed in accordance with the provisions of Clause 27(5) of the Covered Bonds Communiqué.

- 13.2** The Security Agent acknowledges notice of the Security Assignment Security.
- 13.3** The Security Agent shall not be entitled to assign or transfer any of its rights or obligations hereunder except in accordance with the provisions of this Agreement and any other Transaction Document.

Schedule 1 Issuer Covenants

1. General Covenants of the Issuer

The Issuer covenants in favour of the Security Agent (for itself and for the benefit of the other Secured Creditors) that, so long as any Covered Bonds remain outstanding, it will at all times:

- (a) maintain a Fiscal Agent, Paying Agent, Exchange Agent, Registrar and Transfer Agent with specified offices in accordance with the Conditions and at all times maintain any other agents required by the Conditions;
- (b) give notice in writing to the Fiscal Agent and the Security Agent promptly upon becoming aware of the occurrence of an Issuer Event, Transferability and Convertibility Event or Event of Default and without waiting for the Fiscal Agent or the Security Agent to take any further action;
- (c) administer and manage the Cover Pool in the manner described in Schedule 2 (*The Cover Pool*);
- (d) maintain the Cover Register in accordance with the requirements of the Covered Bonds Communiqué and ensure that it is up-to-date at all times;
- (e) ensure at all times that the Cover Pool Assets are identified in such manner as is required to benefit from Statutory Segregation;
- (f) give to the Security Agent at all times such opinions, certificates, information and evidence as it shall reasonably require for the purpose of the discharge of the duties, powers, trusts, authorities and discretions vested in it under this Agreement, the Transaction Security Documents, the Offshore Bank Account Agreement and the Calculation Agency Agreement or by operation of Applicable Law; *provided* always that the foregoing shall not oblige the Issuer to give any information non-disclosure of which is required by any Applicable Law;
- (g) deliver to the Fiscal Agent for distribution to any Covered Bondholder upon such Covered Bondholder's written request to the Fiscal Agent:
 - (i) not later than six months after the end of each financial year of the Issuer, English language copies of the Issuer's audited consolidated financial statements for such financial year, prepared in accordance with BRSA Principles, together with the corresponding financial statements for the preceding financial year, and all such annual financial statements shall be accompanied by the report of the auditors thereon; and
 - (ii) not later than four months after the end of the first six months of each financial year of the Issuer, English language copies of its unaudited (or, if published, audited) consolidated financial statements for such six month period, prepared in accordance with BRSA Principles, together with the corresponding financial statements for the corresponding period of the previous financial year, and all such interim financial statements shall be accompanied by the report of the auditors thereon,
- (h) so far as permitted by Applicable Law, at all times execute all such further documents and do all such further acts and things that are necessary at any time or times in the reasonable opinion of the Security Agent to give effect to the terms and conditions of this Agreement, the Transaction Security Documents, the Offshore Bank Account Agreement and the Calculation Agency Agreement;

- (i) send to the Fiscal Agent and the Security Agent a copy of each notice given to the Covered Bondholders of any one or more Series in accordance with Condition 14 (*Notices*);
- (j) give prior notice to the Fiscal Agent and the Security Agent of any proposed redemption pursuant to Condition 6.2 (*Redemption for Taxation Reasons*) or Condition 6.3 (*Redemption at the Option of the Issuer (Issuer Call)*) and, if it shall have given notice to the relevant Covered Bondholders in accordance with the Conditions of its intention, duly proceed to redeem any relevant Covered Bonds accordingly;
- (k) in the event of the unconditional payment to a Paying Agent or the Security Agent (in any case) of any sum due in respect of principal, redemption amount, premium (if any) and/or interest on the Covered Bonds of any Series or any of them being made after the due date for payment thereof, promptly give or procure the Fiscal Agent to give notice to the Covered Bondholders of such Series in accordance with Condition 14 (*Notices*) that such payment has been made;
- (l) give or procure that there be given notice to the Covered Bondholders in accordance with the Conditions of any appointment (other than the initial appointment), resignation or removal of the Fiscal Agent, Exchange Agent, Registrar or any Transfer Agent or Paying Agent as shown on the Covered Bonds or so published in accordance with the Conditions as soon as practicable and in any event within 14 days after such event taking effect and within 30 days of notice received from the Fiscal Agent, Exchange Agent, Registrar or any Transfer Agent or Paying Agent of a change in its specified office, give notice to the Security Agent and the Covered Bondholders of such change;
- (m) in order to enable the Fiscal Agent and/or the Security Agent to ascertain the Principal Amount Outstanding of Covered Bonds of each Series for the time being outstanding, deliver to the Fiscal Agent and/or the Security Agent promptly after being so requested in writing by the Fiscal Agent and/or the Security Agent, as applicable, a certificate in writing signed by an authorised signatory of the Issuer setting out the total numbers and Principal Amount Outstanding of the Covered Bonds of each Series that up to and including the date of such certificate have been purchased by or for the account of the Issuer, any holding company of the Issuer or any Subsidiary of the Issuer or such holding company, in each case held by them as beneficial owner, and the Principal Amount Outstanding of the Covered Bonds of each Series so purchased that have been cancelled;
- (n) maintain its principal office in Turkey and that it will maintain at all times its Turkish banking licence issued to it by the BRSA in accordance with the Banking Law (Law No. 5411) of Turkey;
- (o) maintain all necessary authorisations to be an issuer of mortgage covered bonds (within the meaning of the Covered Bonds Communiqué);
- (p) permit any of the Security Agent, the Cover Monitor and, with the Issuer's prior approval (such approval not to be unreasonably withheld or delayed), any auditor or professional adviser of the Security Agent or the Cover Monitor at any time during normal business hours upon reasonable notice to have access to all books of record, account and other relevant records in the Issuer's possession relating to the administration of the Cover Pool Assets and related matters (in each case other than during an Issuer Event or an Event of Default, at such person's sole expense; *provided* that the Issuer shall not, except to the extent that it has separately agreed otherwise with such Person, be responsible to reimburse such Person for such expenses); *and provided further* that such access to such books of record, accounts

and other relevant records shall always comply with the Applicable Law of Turkey, including, but not limited to, the Turkish Covered Bonds Law and the confidentiality terms of the banking legislation of Turkey;

- (q) give, within seven İstanbul Business Days after demand by the Security Agent or the Cover Monitor, any information required to comply with the terms of the Turkish Covered Bonds Law;
- (r) so far as permitted by Applicable Law, from time to time upon request from a Relevant Rating Agency, provide such further information as such Relevant Rating Agency reasonably requests for purposes of its rating on the Covered Bonds or a Series thereof;
- (s) observe and comply with its obligations under the Turkish Covered Bonds Law;
- (t) observe and comply with its obligations under the Transaction Documents (to the extent not otherwise provided for above);
- (u) from the First Issue Date and on each London Business Day thereafter, maintain the Reserve Fund in an amount at least equal to the Reserve Fund Required Amount; *provided* that the Issuer shall not be considered to be in breach of its obligations under this clause if, during the continuance of a Transferability and Convertibility Event, it is impossible for the Issuer to deposit monies to the Reserve Fund as a result of such Transferability and Convertibility Event; and
- (v) maintain records in relation to the Designated Account(s) in accordance with the Transaction Documents.

2. **Statutory Tests**

The Issuer covenants in favour of the Security Agent (for itself and for the benefit of the Secured Creditors) that, so long as any Covered Bonds remain outstanding, it will at all times comply with the following covenants:

- (a) It shall maintain the Cover Pool in accordance with the requirements for Cover Pool Assets and, to the extent there are any Hedging Agreements in place, the Hedging Agreements set out in the Covered Bonds Communiqué.
- (b) It shall perform such checks and reviews as are required on each Statutory Test Date and Issue Date to ensure that each Cover Pool Asset included in the Statutory Test calculations is in compliance with the Individual Asset Eligibility Criteria and the Covered Bonds Communiqué. Notwithstanding anything in the Transaction Documents to the contrary, the parties acknowledge and agree that such checks and reviews will utilise the data as of each applicable date (*e.g.*, as of the date of a change in the Cover Pool) but might be checked and reviewed when such information becomes available after such date.
- (c) It shall comply with the Statutory Tests (*i.e.*, as of the date of this Agreement, the Nominal Value Test, the Cash Flow Matching Test, the Net Present Value Test and the Stress Test). The Statutory Tests (both their nature and their method of calculation) might vary from time to time to the extent that the Covered Bonds Communiqué is amended; *provided* that all Series of Covered Bonds are subject to the Statutory Tests as in force at the time of their issuance unless expressly provided otherwise by the Turkish Covered Bonds Law.

The method of calculating the Statutory Tests shall (within the requirements of the Covered Bonds Communiqué) be determined by the Issuer, acting reasonably (and subject to any guidance, pronouncement, rule, official directive or guideline (whether

or not having the force of law) issued by the CMB to the Issuer specifically or to covered bond issuers generally in relation to the method of calculating the Statutory Tests). For the avoidance of doubt with respect to any Covered Bonds with a floating interest rate, the Issuer may at any time perform such calculations utilising the interest rate in effect at such time.

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

Where:

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

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

- (a) if the current rating of such Series from such Relevant Rating Agency is the same as or higher than the Issue Date Rating of such Series from such Relevant Rating Agency, then the percentage shall not be so reduced unless a Rating Agency Confirmation has been obtained with respect thereto from such Relevant Rating Agency, and
- (b) if the current rating of such Series from such Relevant Rating Agency is below the Issue Date Rating of such Series from such Relevant Rating Agency, then the percentage shall not be so reduced to below the percentage applicable immediately prior to the most recent downgrade of such Series by such Relevant Rating Agency.

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

The Issuer, in its discretion, may increase or, as provided above, decrease the Required Overcollateralisation Percentage for any Series at any time without the consent of the Covered Bondholders, the Agents and/or any other Secured Creditors. For the avoidance of doubt, the Issuer is under no obligation to increase the Required Overcollateralisation Percentage for any Series regardless of any positive impact

doing so might have on the ratings of the Covered Bonds. The Issuer shall notify the Covered Bondholders of a Series of any such change to the Required Overcollateralisation Percentage for such Series in accordance with Condition 14 (*Notices*).

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

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

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

“Central Bank Spot Rate” means, with respect to the conversion of a non-Turkish Lira currency into Turkish Lira on a specific day, the relevant foreign exchange buying rate (currently referred to as the “Forex Buying” exchange rate (*Döviz Alış*)) (or its replacement from time to time as determined by the Bank) announced by the Central Bank at which it would purchase such non-Turkish Lira currency for Turkish Lira, expressed as the amount of Turkish Lira per one non-Turkish Lira currency at approximately 3:30 p.m. (Istanbul time) on the most recent Istanbul Business Day before such conversion day on which such rate was announced.

- (e) If, on a Statutory Test Date, there is a Potential Breach of Statutory Test, it shall cure any breach(es) of the relevant Statutory Test(s) within one month of such Statutory Test Date.
- (f) If, in its own monitoring of the Statutory Tests, the Issuer identifies a Potential Breach of Statutory Test, it shall promptly notify the Fiscal Agent, the Security Agent and the Cover Monitor of such breach and shall cure such breach within one month of the Issuer’s detection of such breach.
- (g) The Issuer shall, in accordance with Article 20(1) of the Covered Bonds Communiqué, test whether the Cover Pool complies with the Statutory Tests at every change to the Cover Register and, in any case, at least once per calendar month as long as any Series of Covered Bonds is outstanding and, as applicable, in the case of the issuance of a new Series of Covered Bonds. By the 10th Istanbul Business Day after the end of each calendar month, the Issuer shall submit a report relating to the last test made during the preceding calendar month to the Cover Monitor.

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

- (i) assets: (A) that are mortgage loans that do not satisfy the Individual Asset Eligibility Criteria or (B) that are Substitute Assets all or portions of which is/are to be excluded in order for the Cover Pool to satisfy the Substitute Asset Limit; *it being understood* that if only portions of such assets are so excluded, then the part thereof that is not so excluded shall be included in the calculation of the Statutory Tests to the extent otherwise eligible;
- (ii) the portion (if any) of a Mortgage Asset in excess of the percentage of the value of the residential property securing the corresponding loan in the manner specified in the

Covered Bonds Communiqué (as at the date of this Agreement, Article 19(1) of the Covered Bonds Communiqué sets this percentage at 80 per cent.);

- (iii) the rights in, and cash amounts standing to the credit of, the Collection Account (and investments made with such amounts);
- (iv) Cover Pool Assets that are Additional Cover Cover Pool Assets pursuant to Article 29 of the Covered Bonds Communiqué;
- (v) Hedge Collateral (if applicable); and
- (vi) the Reserve Fund; *it being understood* that the Reserve Fund and the Agency Account are not included in the Cover Pool.

3. **Investor Reporting**

For so long as any Covered Bonds are outstanding that are listed on any regulated market of a Member State or offered to the public in a Member State, in each case, in circumstances that require the publication of a prospectus under the Prospectus Regulation (or analogous requirement in any jurisdiction outside Turkey in which the Covered Bonds are issued or listed on a relevant Stock Exchange), on or before the Investor Report Date after each Collection Period, the Issuer will publish on its website an Investor Report for such Collection Period.

4. **Transaction Accounts**

The Issuer covenants to maintain the Collection Account and the TL Designated Account.

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

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

For purposes of calculating compliance with the Statutory Tests: (a) cash amounts standing to the credit of the Collection Account (and investments made with such amounts) shall not constitute part of the Cover Pool and (b) the TL Designated Account (and investments made with such amounts) shall comprise part of the Cover Pool.

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

Unless an Issuer Event of the type described in paragraphs (a) through (f) of the definition thereof or an Event of Default is then continuing, the Issuer will be entitled to withdraw any

amounts from time to time standing to the credit of the Collection Account, if any, that (if such amounts were transferred to the TL Designated Account) would result in there being funds that are in excess of any cash amounts required to satisfy the Statutory Tests (for the avoidance of doubt, the Issuer shall not withdraw or use such amounts if a Potential Breach of Statutory Test is continuing on the applicable withdrawal date).

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

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

Schedule 2 The Cover Pool

The Issuer covenants in favour of the Security Agent (for itself and for the benefit of the other Secured Creditors) that, so long as any Covered Bonds remain outstanding, it will at all times:

1. The Cover Pool

- (a) maintain the Cover Pool for the benefit of all Covered Bondholders in compliance with the Statutory Tests;
- (b) to the extent that any mortgage loan included in the Cover Pool is not in compliance with the Individual Asset Eligibility Criteria, make such substitutions in the Cover Pool as are necessary to ensure compliance with the Individual Asset Eligibility Criteria; *provided* that no such substitution shall be required if the Statutory Tests are otherwise satisfied and the Issuer is otherwise complying with its obligations under the Covered Bonds Communiqué;
- (c) establish and maintain the Cover Register in accordance with the Turkish Covered Bonds Law;
- (d) create Statutory Segregation over each Cover Pool Asset and segregate the Cover Pool for the satisfaction of the rights of the Covered Bondholders, the Hedging Counterparties (if any) and (subject to the provisions of Article 29 of the Covered Bonds Communiqué) the Other Secured Creditors.

For the avoidance of doubt: (i) a mortgage loan or derivative contract intended to become a Cover Pool Asset is required to meet the asset requirements set out in Article 10 (in the case of mortgage loans) and Article 11 (in the case of derivative contracts) of the Covered Bonds Communiqué at the time of inclusion in the Cover Register. In the event that a Cover Pool Asset thereafter ceases to meet the asset requirements of the Covered Bonds Communiqué (or failed to have satisfied such requirements at the time of its inclusion in the Cover Register), the Issuer is obliged under Article 13(5) of the Covered Bonds Communiqué to replace such asset with Cover Pool Assets that do satisfy the requirements of Articles 10 and 11 (as applicable) of the Covered Bonds Communiqué unless the Statutory Tests are otherwise satisfied and the Issuer is otherwise complying with its obligations under the Covered Bonds Communiqué (in which case, the Issuer is not obliged to remove any such ineligible Cover Pool Asset); and (ii) the Cover Pool shall include all assets included in the Cover Register from time to time notwithstanding that such assets may have ceased to satisfy the statutory requirements for covered assets specified in the Covered Bonds Communiqué or the Individual Asset Eligibility Criteria.

All Mortgage Rights relating to the Mortgage Assets are themselves included in the Cover Pool as part of the receivables of such Mortgage Assets; *however*, if it is subsequently judicially determined that all or part of the Ancillary Rights do not constitute receivables of Mortgage Assets for the purposes of the Covered Bonds Communiqué, then such Ancillary Rights shall not be Cover Pool Assets and thus not benefit from Statutory Segregation;

- (e) apply the relevant proceeds of Ancillary Rights in satisfaction of any indebtedness owed by the Issuer under the Transaction Documents to the Secured Creditors as an unsecured contractual obligation only (for the avoidance of doubt, such Ancillary Rights shall not be Cover Pool Assets and thus not benefit from Statutory Segregation);
- (f) at any time after the service of a Notice of Default (which has not been revoked (such revocation to be provided in the same manner as the service of a Notice of Default)),

as an unsecured contractual obligation only, transfer (within two İstanbul Business Days of receipt or, if such second İstanbul Business Day is not a business day for the Security Agent, by the next day that is both an İstanbul Business Day and a business day for the Security Agent) all Related Payments to the Security Agent for the benefit of the Secured Creditors to be applied in satisfaction of the Secured Obligations; it being understood that (as such do not constitute receivables of the Mortgage Assets for the purposes of Article 9 of the Covered Bond Communiqué and therefore do not benefit from Statutory Segregation) any such Related Payments shall not be deposited into the Collection Account or the Designated Accounts and shall otherwise remain segregated from the Cover Pool Assets;

- (g) at any time after the service of a Notice of Default (which has not been revoked (such revocation to be provided in the same manner as the service of a Notice of Default)), transfer (within two İstanbul Business Days of receipt or, if such second İstanbul Business Day is not a business day for the Offshore Account Bank, by the next day that is both an İstanbul Business Day and a business day for the Offshore Account Bank) all payments made to the Issuer on Cover Pool Assets (other than Hedging Agreements (if any)) in currencies other than Turkish Lira to the applicable Non-TL Designated Account(s);
- (h) in respect of Substitute Assets, comply with the Substitute Asset Limit and the requirements of the Covered Bonds Communiqué relating to Mandatory Excess Cover Cover Pool Assets;
- (i) act in a manner consistent with that of a Prudent Lender and Servicer of Mortgage Assets in respect of the Mortgage Assets; *provided* that:
 - (i) during the continuance of an Issuer Event, the Issuer may not make any Mortgage Asset Modification(s) other than in accordance with its then prevailing servicing and collection procedures in respect of mortgage assets that are not part of the Cover Pool; and
 - (ii) the Issuer shall service the Mortgage Assets with no less care than the Issuer exercises or would exercise in connection with the servicing of mortgage assets held for its own account as if such Mortgage Assets were not part of the Cover Pool;
- (j) only make changes to the Cover Pool as set out below:

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

- (i) allocate to the Cover Pool additional assets at any time, including for the purposes of issuing further Series of Covered Bonds, complying with the Statutory Tests and/or the Required Overcollateralisation Percentage of any Series, maintaining the rating(s) assigned to any Series of the Covered Bonds and/or maintaining or increasing the creditworthiness of the Cover Pool; *provided* that such new assets meet the requirements of the Covered Bonds Communiqué, comply with the Individual Asset Eligibility Criteria and do not cause the Substitute Assets in the Cover Pool to exceed the Substitute Asset Limit; and
- (ii) remove (including to substitute) one or more Cover Pool Assets (including any Cover Pool Assets that cease to comply or did not comply at the time of their registration in the Cover Register with the requirements of the Covered Bonds Communiqué and/or the Individual Asset Eligibility Criteria) from the

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

It is agreed that:

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

2. Hedging Agreement

- (a) The Issuer is not obliged to enter into a Hedging Agreement. However, the Issuer may, from time to time, enter into Hedging Agreements with one or more Hedging Counterparty(ies) to hedge certain interest rate and currency risks associated with the Mortgage Assets and/or the Covered Bonds and where the relevant Hedging Counterparties benefit from the Statutory Segregation over the Cover Pool Assets. The Issuer's rights under each Hedging Agreement shall form part of the Cover Pool.
- (b) Hedging agreements (if any) that do not satisfy the requirements of the Covered Bonds Communiqué will not form part of the Cover Pool and hedging counterparties to such hedging agreements (if any) will not benefit from the Statutory Segregation over the Cover Pool Assets.

Schedule 3 Individual Asset Eligibility Criteria

1. Eligibility Criteria

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

- (a) the requirements of Articles 9(2) and 10(1) of the Covered Bonds Communiqué;
- (b) such mortgage loan is denominated in Turkish Lira;
- (c) such mortgage loan is not a commercial loan or related receivable;
- (d) the applicable Borrower is not an employee of the Issuer;
- (e) the principal amount outstanding of such mortgage loan at the time of its inclusion in the Cover Pool must be lower than or equal to the Turkish Lira-equivalent of €1,000,000 (using the TL/€ sell-side exchange rate most recently published by the Central Bank at such time of inclusion);
- (f) such mortgage loan is secured by a first ranking mortgage;
- (g) at the time of the inclusion of such mortgage loan in the Cover Pool, the applicable LTV is not greater than the maximum percentage (if any) for calculations relating to cover matching principles specified in the Covered Bonds Communiqué (as of the date of this Agreement, Article 19(1) of the Covered Bonds Communiqué sets this percentage at 80 per cent. (80%));
- (h) the applicable Borrower is a natural person;
- (i) such mortgage loan is not Delinquent; and
- (j) such mortgage loan constitutes a valid and enforceable claim against the applicable Borrower, subject to customary bankruptcy and similar exceptions and general principles of equity.

Schedule 4 General Issuer Representations and Warranties

As of the Programme Closing Date, each Issue Date and each date on which additional Cover Pool Assets are added to the Cover Pool, the Issuer represents and warrants in favour of the Security Agent (for itself and for the benefit of the other Secured Creditors) that:

- (a) it is a corporation, duly incorporated and validly existing under the laws of the Republic of Turkey;
- (b) the obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations, subject to equitable principles and to applicable insolvency or other similar laws affecting the rights of creditors generally;
- (c) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents;
- (d) the Cover Pool Assets are in existence;
- (e) except to the extent provided otherwise pursuant to the Transaction Documents, it is the sole absolute owner of the Cover Pool Assets with full title guarantee and all rights, title and interest therein free and clear of all Security Interests of any nature whatsoever; *it being understood* that: (i) pursuant to the Covered Bonds Communiqué, the Cover Pool Assets are segregated under Turkish law for the benefit of the Covered Bondholders, the Couponholders, the Receiptholders, the Talonholders, the Hedging Counterparties (if any) and (with respect to the Additional Cover and in the manner described in Article 29 of the Covered Bonds Communiqué) the Other Secured Creditors, and (ii) the Borrowers and other obligors under Cover Pool Assets might have a right of set-off; and
- (f) it is not in liquidation, bankruptcy or receivership and will not go into liquidation, bankruptcy or receivership as a result of the issuance of any Covered Bonds or the entering into of the Transaction Documents.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement (in the form of a deed) to be executed and delivered on the day and year first before written.

Issuer

EXECUTED as a **DEED**

for and on behalf of

TÜRKİYE İŞ BANKASI A.Ş.

Acting by its duly authorised signatories

By:  _____

Name: **Ozgür Temel**

Title: **Division Head**

By:  _____

Name: **Samze Yakın**


Title: **Deputy Chief Executive**

[Signature Page to the Security Agency Agreement]

Security Agent

**EXECUTED as a DEED by
THE BANK OF NEW YORK MELLON, LONDON BRANCH**

acting by its duly authorised signatory:

By:  Digitally signed by
Thomas Burgess
Date: 2020.05.05 11:08:39
+01'00'

Name:
Title:

[Signature Page to the Security Agency Agreement]