

TÜRKİYE HALK BANKASI A.Ş. Material Event Disclosure (General)

Summary

Indictment Against the Bank by U.S. Attorney's Office for the Southern District of New York

Material Event Disclosure General

Related Companies []

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Explanations	

This Bank has been informed that the U.S. Attorney's Office for the Southern District of New York, under the U.S. Department of Justice, has taken the decision to engage in due process to prosecute the Bank based on an indictment related to the allegations made during the Atilla trial. The Bank has thus found it necessary to make the following explanations to furnish all clients, investors and general public with accurate information.

Absent any new findings, the indictment appears largely to repeat allegations used during the Atilla trial, retrying the same attacks against the Bank. It is rather significant that the U.S. Department of Justice's decision to indict comes despite the independent investigation findings demonstrating the Bank's innocence, which the Department received along with underlying evidence.

Per our past disclosures on numerous occasions, certain U.S. authorities have been asking Halkbank for records and information pertaining to allegations made during the Atilla trial, which led the Bank to closely cooperate with these authorities and also initiate an independent investigation of its own on a voluntary basis.

The Bank had voluntarily retained the prestigious U.S. law firm King & Spalding, which then retained the forensic analysis firm Exiger, to conduct this independent internal investigation which encompassed 6+ million documents, 8+ million SWIFT messages, almost 36GB of transactional data and 140,000 underlying documents for review. Almost 30 lawyers put in around 25,000 hours over one year, and the review found that the Bank did not violate primary or secondary U.S. sanctions against Iran, and it did not employ non-transparent practices or methods in foreign trade transactions, nor was it involved in any scheme or conspiracy. These findings were reported by the two firms to the U.S. Department of Justice and the U.S. Department of Treasury's Office of Foreign Assets Control.

As such:

- (1) The Bank was not engaged in any secondary U.S. sanctions violations. Furthermore, since the bank does not have any branches or employees based in the USA, it falls outside the Department of Justice's jurisdiction. Therefore the decision to indict is an unprecedented legal overreach.
- (2) The indictment is based on illegally obtained, unauthenticated evidence previously presented in the Atilla case, and it relies heavily on unreliable testimony from witnesses who lack the necessary credibility.

(3) The U.S. Attorney's Office has failed to adequately consider the information Halkbank provided that Office which included a substantial amount of highly relevant evidence pertaining to the allegations, which demonstrates the Bank's innocence, and it has further refused to interview key witnesses as proposed on multiple occasions by the Bank.

(4) Hakan Atilla's appeal is still underway, and these charges have been filed before that appeal could come to a conclusion.

(5) Despite the fact that the Bank's ongoing discussions with the U.S. Department of Justice to resolve this matter without indictment has not yet come to a conclusion, these were filed as part of the sanctions introduced against our country by the U.S. government in response to Operation Peace Spring, heroically launched by the Turkish Army to secure our borders and establish peace in the region.

The Bank will exert all legitimate rights against this unwarranted case under international law. We will most certainly avail ourselves of our rights to both pecuniary and nonpecuniary damages granted by the Banking Law and relevant international regulations against all those who, in an attempt to discredit the Bank and damage its financial composition, try to abuse the situation during the course of this case.

With 51% state-owned capital, Halkbank is highly aware of its corporate responsibility and carries out all banking operations accordingly, capable and determined to fulfill all financial liabilities. The Bank will carry on with the same spirit and conviction which always helped us overcome the past challenges and contribute to national development. We are fully convinced that our clients will continue to stand by us, never wavering in their commitment to support our efforts for the growth and improvement of this country.

We would like to reaffirm our commitment to perform banking operations in a firm, reliable, unwavering fashion and in full compliance to national and international regulations, honoring our 81 years of history in the service of the Turkish economy.

In case of any contradiction between the Turkish and English versions of this public disclosure, the Turkish version shall prevail.

We proclaim that our above disclosure is in conformity with the principles set down in "Material Events Communiqué" of Capital Markets Board, and it fully reflects all information coming to our knowledge on the subject matter thereof, and it is in conformity with our books, records and documents, and all reasonable efforts have been shown by our Company in order to obtain all information fully and accurately about the subject matter thereof, and we're personally liable for the disclosures.