

FIRST SUPPLEMENT dated 19 May 2016 to the Base Prospectus dated 26 April 2016



TÜRKİYE GARANTİ BANKASI A.Ş.
€5,000,000,000

Global Covered Bond Programme

This supplement (this “**Supplement**”) is supplemental to, and must be read in conjunction with, the Base Prospectus dated 26 April 2016 (the “**Base Prospectus**”) prepared by Türkiye Garanti Bankası A.Ş. (the “**Issuer**” or the “**Bank**”) under the Issuer’s global covered bond programme. Capitalised terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Base Prospectus.

This Supplement has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC as amended (including the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”). The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This document constitutes a supplement for the purposes of Article 16 of the Prospectus Directive and has been prepared and published for the purposes of incorporating into the Base Prospectus the latest financial statements and certain recent events in connection with the Issuer. As a result, certain modifications to the Base Prospectus are hereby being made.

A copy of each of: (a) the consolidated BRSA financial statements of the Group as of and for the three month period ended 31 March 2016 (including any notes thereto, the “**Group’s New BRSA Financial Statements**”), (b) the unconsolidated BRSA financial statements of the Issuer as of and for the three month period ended 31 March 2016 (including any notes thereto, the “**Issuer’s New BRSA Financial Statements**” and, with the Group’s New BRSA Financial Statements, the “**New BRSA Financial Statements**”) and (c) the consolidated IFRS financial statements of the Group as of and for the three month period ended 31 March 2016 (including any notes thereto, the “**New IFRS Financial Statements**” and, with the New BRSA Financial Statements, the “**New Financial Statements**”) have been filed with the Central Bank of Ireland and, by means of this Supplement, are incorporated by reference into, and form part of, the Base Prospectus. Copies of the New Financial Statements can be obtained without charge from the registered office of the Issuer and from the Issuer’s website at: (i) with respect to the Group’s New BRSA Financial Statements, <https://www.garantiinvestorrelations.com/en/financial-information/Consolidated-Financial-Statements-full-report/BRSA-Consolidated-Financials/66/0/0>, (ii) with respect to the Issuer’s New BRSA Financial Statements, <https://www.garantiinvestorrelations.com/en/financial-information/Bank-Only-Financial-Statements-full-report/BRSA-Unconsolidated-Financials/67/0/0>, and (iii) with respect to the New IFRS Financial Statements, <https://www.garantiinvestorrelations.com/en/financial-information/IFRS-Financial-Statements-full-report/IFRS-Financial-Reports/68/0/0> (such website is not, and should not be deemed to constitute, a part of, or be incorporated into, this Supplement or the Base Prospectus). The New BRSA Financial Statements, each of which is in English, were prepared as convenience translations of the corresponding Turkish language financial statements (which translations the Issuer confirms were direct and accurate). The New Financial Statements were not prepared for the purpose of their incorporation by reference into the Base Prospectus.

The New Financial Statements were reviewed by Deloitte and Deloitte’s review reports included within the New Financial Statements note that they applied limited procedures in accordance with professional standards for a review of such information and such reports state that they did not audit and they do not express an opinion on the interim financial information in the New Financial Statements.

Statements contained herein shall, to the extent applicable and whether expressly, by implication or otherwise, modify or supersede statements set out in, or previously incorporated by reference into, the Base Prospectus. Where there is any inconsistency between the information contained in (or incorporated by reference into) the Base Prospectus and this Supplement, the information contained in (or incorporated by reference into) this Supplement shall prevail.

Except as disclosed herein (including in the New Financial Statements incorporated by reference into the Base Prospectus by means of this Supplement), there has been no: (a) significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus since the publication of the Base Prospectus and (b) significant change in the financial or trading position of either the Group or the Issuer since 31 March 2016.

The Issuer accepts responsibility for the information contained herein. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and contains no omission likely to affect the import of such information. None of the Dealers or the Arrangers make any representation, express or implied, or accept any responsibility, for the contents hereof or any information incorporated by reference into this Supplement.

AMENDMENTS

The following amendments are made to the Base Prospectus:

RISK FACTORS

The risk factor entitled “*Risks relating to Turkey – Turkish Economy*” on page 25 of the Base Prospectus is amended by addition of the following at the end of the first paragraph thereof:

Compared to the high growth rates of 2010 and 2011, Turkey’s GDP has been growing, albeit at lower levels in recent years (source: *Turkstat*). In January 2016, the government revised its three year medium-term economic program from 2016 to 2018. Under this program, the government set growth targets of 4.5% for 2016 and 5.0% for each of 2017 and 2018, as well as a gradual decrease in the net public debt to GDP ratio, according to the Ministry of Development. There can be no assurance that these targets will be reached, that the Turkish government will continue to implement its current and proposed economic and fiscal policies successfully or that the economic growth achieved in recent years will continue considering external and internal circumstances, including the Central Bank’s efforts to curtail inflation and simplify monetary policy, the current account deficit and macroeconomic and political factors, such as changes in oil prices and uncertainty related with conflicts in Iraq and Syria (See “*Terrorism and Conflicts*”). Any of these developments might cause Turkey’s economy to experience macroeconomic imbalances, which might impair the Group’s business, strategies and/or might have a material adverse effect on the Group’s business, financial condition and/or results of operations. For more details on recent developments in Turkey’s economy, see “*Global Financial Crisis and Eurozone Crisis*” and the discussion of the Central Bank’s policies in “*Current Account Deficit*”.

The fourth sentence of the fourth paragraph of the risk factor entitled “*Risks Relating to Turkey – Political Developments*” on page 28 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

On 5 May 2016, the Central Executive Board (Merkez Yürütme Kurulu (*MYK*)) of the AKP decided to hold an extraordinary congress on 22 May 2016, in which the AKP is expected to replace Ahmet Davutoğlu, the current prime minister of Turkey. The social and political conditions remain challenging in Turkey, including with increased tension resulting from Turkey’s conflict with the People’s Congress of Kurdistan (formerly known as the PKK) (an organisation that is listed as a terrorist organisation by states and organisations including Turkey, the EU and the United States).

The fifth sentence of the fourth paragraph of the risk factor entitled “*Risks Relating to Turkey – Political Developments*” on page 28 of the Base Prospectus is amended by the addition of the following at the end thereof:

Perceptions of political risk have also increased as a result of increased violence in Turkey, including relating to terrorist attacks (See “*Terrorism and Conflicts*”), the refugee crisis, tensions with Russia and media reporting. There can be no assurance that the political situation in Turkey will not deteriorate. Furthermore, certain regulatory actions, investigations, allegations of past or current wrongdoing and similar actions might increase perceptions of political conflict or instability.

TERMS AND CONDITIONS OF THE COVERED BONDS

The references to the “courts of England and Wales” under Conditions 18.2 (*Submission to Jurisdiction*), 18.3 (*Consent to Enforcement*) and 18.5 (*Other Documents*) are hereby deleted in their entirety and replaced with “High Court of Justice of England and Wales in London (without prejudice to any rights of appeal in England and Wales from a decision of such court and to the validity and enforceability of any judgment on such appeal)” *mutatis mutandis*.

The following section entitled “Recent Developments” is hereby included in the Base Prospectus immediately after the section entitled “The Group and its Business”:

RECENT DEVELOPMENTS

As of March 2016, the Bank is classified as a D-SIB in Group 3 (the highest possible group) under the D-SIBs Regulation. As a result, the Bank is required to have additional 0.5% capital buffer for 2016 (as of March 2016), which will be phased to 2.0% until 2019.

On 6 April 2016, JCR Eurasia affirmed the Bank’s credit ratings. Following revising Turkey’s outlook to “Stable”, Standard & Poor’s revised its rating’s outlook of the Bank to “Stable” from “Negative” on 10 May 2016, which reflects the expectation that the Bank would receive group support from its foreign parent if its stand-alone credit profile were to worsen through deterioration in its operating conditions. Following recalibration of Turkey’s national rating scale, Moody’s repositioned the national scale ratings (“**NSR**”) of the Bank on 11 May 2016 from “Aa3.tr” to “Aa1.tr” while the outlook for

the NSRs was withdrawn. The repositioned NSRs do not signify a change in credit risk since the global scale rating remains unchanged.