FIRST SUPPLEMENT dated 19 November 2018 to the Base Prospectus dated 25 April 2018

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 25 April 2018 (the "*Base Prospectus*") prepared by Türkiye Garanti Bankası A.Ş. (the "*Issuer*") 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 updating the Base Prospectus with certain recent events. 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 nine month period ended 30 September 2018 (including any notes thereto and the independent auditor's review report thereon, the "*Group's New Financial Statements*") and (b) the unconsolidated BRSA financial statements of the Issuer as of and for the nine month period ended 30 September 2018 (including any notes thereto and the independent auditor's review report thereon, the "*Issuer's New Financial Statements*" and, with the Group's New BRSA Financial Statements, the "*New Financial Statements*") have been filed with the Central Bank of Ireland and the Irish Stock Exchange plc trading as Euoronext Dublin 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 Financial Statements, https://www.garantiinvestorrelations.com/en/financial-information/Consolidated-Financial-Statements-full-report/BRSA-Consolidated-Financials/66/0/0, and (ii) with respect to the Issuer's New Financial Statements, https://www.garantiinvestorrelations.com/en/financial-information/Bank-Only-Financial-Statements-full-report/BRSA-Unconsolidated-Financials/67/0/0 (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 Financial Statements, which are 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 KPMG and KPMG'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. The independent auditor's review reports included in the New Financial Statements include a qualification about a general reserve provided by the Issuer's management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions (see "*Risk Factors – Risks Relating to the Group's Business – Audit Qualification*" in the Base Prospectus as amended by this Supplement).

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 the information contained herein (or incorporated by reference into the Base Prospectus by means of this Supplement), the information contained herein (or incorporated by reference into the Base Prospectus by means of 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, (b) significant change in the financial or trading position of either the Group or the Issuer since 30 September 2018 and (c) material adverse change in the financial position or prospects of the Issuer since 31 December 2017.

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 the Base Prospectus by means of this Supplement.

AMENDMENTS

The following amendments are made to the Base Prospectus:

DISCLAIMER/LEGENDS

The following section is hereby included after the section titled "*Important – EEA Retail Investors*" on page vi of the Base Prospectus:

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE

With respect to each issuance of Covered Bonds (or beneficial interests therein), the Issuer may make a determination about the classification of such Covered Bonds (or beneficial interests therein) for purposes of Section 309B(1)(a) of the Securities and Futures Act (Chapter 289) of Singapore (the "*SFA*"). The Final Terms in respect of any Covered Bonds may include a legend titled "Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore" that will state the product classification of the applicable Covered Bonds (and, if applicable, beneficial interests therein) pursuant to Section 309B(1) of the SFA; *however*, unless otherwise stated in the applicable Final Terms, all Covered Bonds (or beneficial interests therein) shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the "*MAS*") Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This notification or any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA.

RISK FACTORS

The last sentence of the third paragraph of the risk factor titled "*Risks Relating to Turkey – Political Developments*" starting on page 15 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

While the state of emergency was extended seven times for additional three month periods pursuant to Article 121 of the Turkish Constitution, it was lifted as of July 2018.

The following language is hereby included before the last sentence of the sixth paragraph of the risk factor titled "*Risks Relating to Turkey – Political Developments*" on page 16 of the Base Prospectus:

In the presidential elections held on 24 June 2018, Recep Tayyip Erdoğan received approximately 53% of the votes and was re-elected as the President. In parliamentary elections held on the same day, the AKP, the President's party, and the Nationalist Movement Party (*Milliyetçi Hareket Partisi*) (*MHP*), which has formed the "People's Alliance" bloc with the AKP, together received sufficient votes to hold a majority of the seats in Parliament. As of 9 July 2018, the parliamentary system has been transformed into a presidential one and President Erdoğan now holds the additional powers granted to the President pursuant to the referendum held on 16 April 2017 as described above. On 9 July 2018, President Erdoğan announced the new ministers of his cabinet, which included the appointment of the former minister of Energy and Natural Resources and his son-in-law, Berat Albayrak, as the minister of Treasury and Finance. On 10 July 2018, President Erdoğan issued a decree: (a) empowering the President to appoint: (i) the governor of the Central Bank, whereas the Council of Ministers had the authority to appoint the governor of the Central Bank in the parliamentary system, and (ii) the deputy governors of the Central Bank, whereas this appointment was previously made by the Council of Ministers among the candidates suggested by the governor of the Central Bank, (b) removing the previous requisite condition for deputy governors of the Central Bank to have at least 10 years of professional experience and (c) shortening the office term of the governor and the deputy governors of the Central Bank to four years from five years. As such, uncertainty in relation to the independence of the Central Bank and/or the Ministry of Treasury and Finance continues. See "*Risks Related to the Group's Business – Foreign Exchange and Currency Risk*." Uncertainty regarding the independence of the Central Bank and/or the Ministry of Treasury and Finance or any failure of the Central Bank and/or the Ministry of Treasury and Finance to implement effective policies might adversely affect the Turkish economy in general.

The third and fourth sentences of the eighth paragraph of the risk factor titled "*Risks Relating to Turkey – Political Developments*" on page 16 of the Base Prospectus are hereby deleted in their entirety and replaced by the following:

While visa services have since resumed to normal, relations between the two countries remain strained on various topics, including the conviction of an executive of state-controlled bank Türkiye Halk Bankası A.Ş. ("*Halkbank*"), who was found guilty and sentenced in May 2018 in a United States federal court of bank fraud and conspiracy to violate U.S. sanctions laws in relation to an alleged conspiracy to assist Iran to evade U.S. sanctions. As of 16 November 2018, the final outcome in relation to the matters giving rise to the conviction, including any appeal and whether any sanction, fine or penalty will be imposed by the Office of Foreign Assets Control of the U.S. Department of Treasury ("*OFAC*") on Halkbank or any other Turkish bank or person in connection with those matters, as well as the possible reaction of the Turkish government to any such events or speculation regarding such events, is unknown.

The following language is hereby included before the last paragraph of the risk factor titled "*Risks Relating to Turkey – Political Developments*" on page 17 of the Base Prospectus:

On 1 August 2018, OFAC took action targeting Turkey's Minister of Justice and Minister of Interior, indicating that these Ministers played leading roles in the organisations responsible for the arrest and detention of American pastor Andrew Brunson, and blocked any property, or interest in property, of these Ministers within the United States and generally prohibited U.S. persons from engaging in transactions with them. Following such action, Turkey imposed reciprocal sanctions against two American officials. On 10 August 2018, the President of the United States stated that he had authorised higher tariffs on steel and aluminium imports from Turkey. On 15 August 2018, Turkey retaliated by increased tariffs on certain imports from the United States, such as cars, alcohol and tobacco. These actions contributed to a decline in the value of the Turkish Lira, which fell to a record low (exceeding TL 7.2 per U.S. dollar in the week ended on 12 August 2018) before strengthening to TL 5.3 as of 16 November 2018, including due to the higher than expected interest rate hike (625 basis points) by the Central Bank on 13 September 2018, the fiscal consolidation announced in the "New Economic Programme" of the government, certain measures taken by the BRSA, the promise of investments from Qatar and, following the release of Mr. Brunson on 12 October 2018, improving relations between Turkey and the United States, including removal on 2 November 2018 of the sanctions imposed upon Turkish ministers and reciprocal sanctions imposed by Turkey. The events prior to the release of Mr. Brunson contributed to the deterioration of the relationship between Turkey and the United States and any future similar events might have an adverse effect on the Turkish economy and/or might impact investors' perception of the risks relating to investments in Turkish issuers, including the Bank.

On 2 October 2018, Saudi journalist Jamal Khashoggi disappeared after entering the Saudi consulate in İstanbul and it was later announced that Mr. Khashoggi had been killed inside the consulate by Saudi operatives. While the investigation regarding Mr. Khashoggi's death is continuing as of 16 November 2018, the impact that this event will have on the relationship between Turkey and Saudi Arabia is unknown, including potentially leading to an increase in the price of oil imported by Turkey. Any such events might have a negative impact on the Turkish economy.

On 5 November 2018, the U.S. reinstated all U.S. sanctions on Iran that had been removed in 2015 following a multilateral agreement in which the U.S. has since terminated its participation, while granting exemptions to eight countries, including Turkey, to temporarily continue buying Iranian oil for six months; *however,* there is no certainty that such exemption will remain in force until the end of the six-month period or that it will be renewed.

The following paragraph is hereby included to the beginning of the fourth paragraph of the risk factor titled "*Risks Relating to Turkey – Turkish Economy*" on page 18 of the Base Prospectus:

The economic and political circumstances, including the recent political tension between Turkey and the United States, resulted in (or contributed to) a decline in the value of the Turkish Lira. See "*Political Developments*." Further depreciation, including materially, is possible until such circumstances improve. The impact of these circumstances, including the dramatic decline in the value of the Turkish Lira, could have a material adverse effect on the Group and/or the Bank, including through borrower defaults, increased NPLs, lower loan growth and reduced earnings in the near-to-medium term, the revaluation of assets and liabilities (including increases in the Turkish Lira-equivalent value of the Group's obligations in Dollars and other currencies) and rapid changes in the economic environment.

The following sentence is hereby included before the last sentence of the second paragraph of the risk factor titled "*Risks Relating to Turkey – High Current Account Deficit*" starting on page 21 of the Base Prospectus:

In May and August 2018, as a response to the depreciation of the Turkish Lira, the Central Bank further reduced the upper limit of the foreign exchange maintenance facility within the Reserve Options Mechanism from 55% to 45% and then to 40% (*i.e.*, Turkish banks have the option to hold 40% of the Turkish Lira reserve requirements in foreign exchange, resulting in the possibility that the foreign exchange that was used for reserve purposes previously might be applied by Turkish banks to the purchase of Turkish Lira). In August 2018: (a) the Central Bank: (i) reduced its reserve requirement ratios for non-core foreign exchange liabilities by 400 basis points for up to (and including) three year maturities and (ii) suspended its weekly repo auction, thereby requiring banks to borrow at the 150 basis points-higher overnight rate, (b) the BRSA: (i) limited the swap and swap-like transactions (where the banks in Turkey pay Turkish Lira and receive foreign currency from their foreign counterparts at maturity) entered into between banks in Turkey and their foreign counterparts to 25% of the relevant Turkish bank's regulatory capital, aiming to limit short selling of Turkish Lira in favour of foreign exchange, reducing foreign counterparties' access to Turkish Lira and restricting a bank in Turkey from entering into a new transaction if such bank is already over the limit imposed by the BRSA; *provided* that the restriction does not apply to the swap and other derivative transactions that are executed between the banks located in Turkey and their consolidated credit and financial institution subsidiaries established abroad, (ii) started to apply additional weightings to the calculation of the limitations of such swap and swap-like transactions, with Turkish Lira-denominated derivative transactions with a maturity of: (A) from and including 90 days to but excluding 360 days being subject to a 75% weighting and (B) 360 days or more being subject to a 50% weighting, (iii) suspended mark-to-market calculations of securities when determining a Turkish bank's capital adequacy ratios, which new rule effectively results in the securities portfolios to reflect the book values of the assets rather than their current market values, and (iv) decided that banks should not include the collateral provided for credit derivatives and derivative transactions in the calculations of their liquidity coverage ratios starting from 31 July 2018 until 31 December 2018 and (c) the Turkish government raised taxes on U.S. dollar deposits while waiving taxes on Turkish Lira deposits. The Central Bank also has taken a series of actions to support the liquidity management of banks in Turkey and the Turkish government has emphasised that the Central Bank will take all necessary measures to maintain financial stability. According to the 2015 Capital Adequacy Regulation, as of 13 August 2018, banks will use the higher of the following foreign exchange rates while calculating their capital adequacy ratios instead of the then-current exchange rates: (i) the simple average of the Central Bank's foreign exchange buying rates for the last 252-working days or (ii) the foreign exchange rate that the relevant bank used in its financial statements as of and for the six month period ended 30 June 2018. Also, "Financial Assets Measured at Fair Value Through Other Comprehensive Income" will not be included in the regulatory capital for capital adequacy ratio calculation purposes. On 13 September 2018, the Central Bank increased its benchmark lending rate by 6.25%, which increased the one-week repo rate from 17.75% to 24.00%.

The last sentence of the fourth paragraph of the risk factor titled "*Risks Relating to Turkey – High Current Account Deficit*" on page 22 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

Even though the relatively low levels of oil prices were positive from the perspective of the current account balance in 2016, more recent price increases have contributed to the worsening of Turkey's current account balance. Agreements among the members of the Organisation of the Petroleum Exporting Countries (*OPEC*) to cut output or any geopolitical development concerning energy security and prices (such as the United States' withdrawal from the Joint Comprehensive Plan of Action (*i.e.*, the Iran nuclear deal) and re-imposing oil-related sanctions on Iran or the decision of the United States to impose new sanctions on Venezuela dated 22 May 2018, which decisions are expected to reduce global supply and increase crude oil prices) might have a material impact on Turkey's current account balance.

The following is hereby added at the end of the fourth sentence of the paragraph under "*Risks Relating to Turkey – Inflation Risk*" on page 22 of the Base Prospectus:

As of October 2018, the last 12 month consumer price inflation was 25.24% and the annual producer price inflation was 45.01%.

The second and third sentences of the third paragraph under "*Risks Relating to the Group's Business – Counterparty Credit Risk*" on page 25 of the Base Prospectus are hereby deleted in their entirety and replaced by the following:

For example, and as noted in Part 5.1.5.2 of the Group's 2017 BRSA Financial Statements, the Group granted loans amounting to US$1,060 million and €8.1 million (including overdue interest) (as of 30 September 2018) to Ojer

Telekomünikasyon A.Ş. ("*OTAŞ*"), a shareholder of Türk Telekomünikasyon A.Ş. ("*Türk Telekom*"), which is a strategically important company operating in the telecommunication sector. OTAŞ defaulted in its debt service payments in September 2016, resulting in such loans being classified as watchlist loans in line with the BRSA Accounting and Reporting Legislation and recorded as such in the BRSA Financial Statements as of and for the year ended 31 December 2017 (it was a performing loan for the year ended 31 December 2016). On 6 July 2018, all lenders of OTAŞ (including the Bank) reached an agreement on the restructuring of OTAŞ' debt, which is secured by 55% of Türk Telekom's issued share capital held by OTAŞ. Pursuant to this agreement, OTAŞ' outstanding debt will be restructured and the lenders will obtain direct or indirect ownership in a special purpose vehicle that will own such shares of Türk Telekom currently held by OTAŞ. This restructuring is intended to occur after certain conditions are satisfied, including obtaining all the required permits and approvals.

The last two sentences of the fifth paragraph of the risk factor titled "*Risks Related to the Group's Business – Foreign Exchange and Currency Risk*" on page 32 of the Base Prospectus are hereby deleted in their entirety and replaced by the following:

The Central Bank might implement additional monetary tightening policies in the near future for price stability, if needed; *however*, there is no assurance that any of the Central Bank's policies would be effective to achieve stability in the Turkish Lira. From 31 December 2017 to 22 May 2018, the Turkish Lira depreciated a further 18% against the U.S. dollar, as a result of which the Central Bank increased the late liquidity window lending rate by 300 basis points to 16.5% on 23 May 2018. While the Central Bank increased further its benchmark lending rate by 6.25% on 13 September 2018, President Erdoğan has indicated various times that he seeks to lower interest rates, which has created uncertainty regarding the independence of the Central Bank. See "*Risks Relating to Turkey – Interest Rate Risk*" and "*Risks Relating to Turkey – Political Developments*." Any failure of the Central Bank to implement effective policies might adversely affect the Turkish economy in general, including leading to higher inflation and a higher current account deficit. See also "*Risks Relating to Turkey – High Current Account Deficit*" and "*Risks Relating to Turkey – Inflation Risk.*"

The following language is hereby added at the end of the second paragraph under "*Risks Relating to the Group's Business – Foreign Currency Borrowing and Refinancing Risk*" on page 35 of the Base Prospectus:

On 20 July 2018, following the downgrade of the sovereign rating of Turkey to "BB" from "BB+," Fitch downgraded the Bank's Long Term Foreign Currency Issuer Default Rating to "BB (Negative Outlook)" from "BBB- (Rating Watch Negative)." On 28 August 2018, following the downgrade of Turkey's sovereign rating, Moody's downgraded certain ratings of the Bank, including the Bank's senior unsecured rating, by one notch. See "*The Group and its Business - Credit Ratings*" for the Bank's current credit ratings. Management estimates that the downgrades to below investment grade bond status had (and might continue to have) a negative impact on the Turkish economy as well as on capital adequacy ratios in the banking sector, and the banking sector might experience further capital erosion if the Turkish Lira were to face further depreciation pressures or if Turkish Lira bonds were to suffer a sell-off that negatively affects bond prices.

The first paragraph of the risk factor entitled "*Risks Relating to the Group's Business – Audit Qualification*" on pages 40 and 41 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

The Group's audit reports for the BRSA Financial Statements for 2016 and 2017 and for the first nine months of 2018 were qualified with respect to general reserves that were allocated by the Group. In 2015, a reversal of TL 73,000 thousand of these reserves resulted in a decline in the level of general reserves to TL 342,000 thousand as of the end of 2015. In 2016, the Bank's management further reversed a net TL 42,000 thousand of general reserves. In 2017, the Bank's management increased the general reserves by TL 860,000 thousand to TL 1,160,000 thousand. In the first nine months of 2018, the Bank's management increased the general reserves by TL 700,000 thousand to TL 1,860,000 thousand due to the possible effects of negative circumstances that might arise in the economy or market conditions. Similar qualifications have been taken with respect to the IFRS Financial Statements.

FORM OF APPLICABLE FINAL TERMS

The following section is hereby included after the section titled "*MiFID II Product Governance / Eligible Counterparties and Professional Clients Only Target Market*" on page 118 of the Base Prospectus:

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "*SFA*") –** [In

connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "*CMP Regulations 2018*"), the Issuer has determined the classification of the Covered Bonds [(and beneficial interests therein)] to be capital markets products other than: (a) prescribed capital markets products (as defined in the CMP Regulations 2018) and (b) Excluded Investment Products (as defined in the Singapore Monetary Authority (the "*MAS*") Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

[3] Legend to be included on front of the Final Terms if the Covered Bonds (and, if applicable, beneficial interests therein): (a) do not constitute prescribed capital markets products as defined under the CMP Regulations 2018 and (b) will be offered in Singapore.

THE GROUP AND ITS BUSINESS

The last sentence of the section titled "*Litigation and Administrative Proceedings – Consumer Transactions Inspection*" on page 222 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

On 9 February 2018, the 8th Administrative Chamber of the İstanbul Regional Administrative Court cancelled the fine imposed against the Bank; *however*, the Custom Ministry appealed the decision before the Council of State. The lawsuit is pending as of 16 November 2018.

RECENT DEVELOPMENTS

The following section titled "*Recent Developments*" is hereby included in the Base Prospectus immediately after the section titled "*The Group and its Business*" starting on page 201 of the Base Prospectus:

RECENT DEVELOPMENTS

As of 1 January 2018, the Group started to apply TFRS 9 standards, which replaced TAS 39 (*Financial Instruments: Recognition and Measurement*), in its financial statements for the first time. The Group has not restated comparative information for financial instruments for 2017 within the scope of TFRS 9 and, as of 1 January 2018, the total difference arising from the adoption of TFRS 9 has been recognised directly in the current periods' statement of changes in shareholders' equity (in the line item for prior periods' profit or loss). See Note 3.29 of the Group's BRSA financial statements as of and for nine month period ended 30 September 2018 for details of the impact of the first time adoption of TFRS 9 as of 1 January 2018 on the consolidated financial statements.

On 2 May 2018, the Bank signed a syndicated loan agreement with commitments from 38 banks in 17 countries, which loan consists of a US$457 million tranche and a €670.5 million tranche with 367-day maturity and a US$145 million tranche with a maturity of two years and one day, which tranches have all-in cost of LIBOR+1.30%, EURIBOR+1.20% and LIBOR+2.10%, respectively. The Bank plans to use the proceeds of these loans for trade finance and general corporate purposes.

On 4 May 2018, following the downgrade of the sovereign rating of Turkey to "bb-" (with a stable outlook) from "bb" (with a negative outlook), S&P downgraded certain of the Bank's ratings. On its report dated 17 August 2018, S&P announced that Turkey's Banking Industry Country Risk Assessment (BICRA) (as of such date) falls into Group 9. As a result, S&P downgraded Turkey's long-term foreign currency sovereign credit rating to "b+" from "bb-" (with a stable outlook). Following such decision, on the same date, S&P downgraded stand-alone credit profile and long-term issuer credit ratings of six Turkish banks, including the Bank. As of 16 November 2018, the Bank's ratings assigned by S&P are as follows:

S&P (17 August 2018)

Outlook	Stable
Long Term Foreign Currency Issuer Credit Rating:	B+
Long Term Turkish Lira Issuer Credit Rating:	B+
Stand-alone Credit Profile:	b+

On 26 April 2018, the Monetary Policy Committee increased the late liquidity window lending rate by 75 basis points to 13.50%. On 7 May 2018, the Central Bank lowered the upper limit for the foreign exchange maintenance facility within the reserve options mechanism (which allows Turkish banks to maintain certain of their Turkish Lira reserve requirements in foreign exchange) to 45% from 55%. According to the Central Bank's guidance, this change is expected to remove TL 6.4 billion of liquidity from the Turkish banking system and release US$2.2 billion foreign exchange liquidity to the market in exchange. The Central Bank also increased the foreign exchange swap auction amount to US$1.5 billion from US$1.25 billion and increased the monthly non-deliverable forward auction amount from US$150 million to US$250 million as a response to the depreciation of the Turkish Lira. On 23 May 2018, following the Turkish Lira reaching its then-lowest level against the U.S. dollar, an emergency meeting of the Central Bank's Monetary Policy Committee increased the late liquidity window lending rate by 300 basis points to 16.5%, while keeping constant its one-week repo rate at 8.00%, the upper bound of the interest rate corridor at 9.25% and its overnight borrowing rate at 7.25%. On 28 May 2018, the Central Bank announced its decision to simplify its monetary policy, with the one-week repo rate (which increased from 8.0% to 16.5%) to be the policy rate, and the overnight borrowing and lending rates to be determined at 150 basis points below and above the one-week repo rate as of 1 June 2018. As of such date, the upper bound of the interest rate corridor is to be increased to 18.0% from 16.5%. While the Turkish Lira weakened to a record low of 4.92 against the U.S. dollar on 22 May 2018, following the Central Bank actions, it eased to 4.60 on 28 May 2018. On 7 June 2018, the Central Bank's Monetary Policy Committee increased the one-week repo rate (policy rate) by 125 basis points to 17.75%. Accordingly, as of 8 June 2018, the overnight borrowing rate, the overnight lending rate and the late liquidity window lending rate increased to 16.25%, 19.25% and 20.75%, respectively. In a statement, the Central Bank indicated that elevated levels of inflation and inflation expectations continue to pose risks on pricing behavior and that the Central Bank would tighten monetary policy more, if needed. The last 12 month consumer price inflation reached 12.2% as of May 2018 from 10.9% as of April 2018. Following the significant decline in the value of the Turkish Lira, which fell to a record low (exceeding TL 7.2 per U.S. Dollar in the week ended on 12 August 2018), on 13 September 2018, the Central Bank increased its benchmark lending rate by 6.25%, which increased the one-week repo rate from 17.75% to 24.00%. On 25 October 2018, the Monetary Policy Committee decided to keep the policy rate constant at 24.00%.

As of 31 May 2018, Intercontinental Exchange Benchmark Administration Limited, the Benchmark Administrator for LIBOR, appears on the Register of Administrators.

On 1 June 2018, Fitch placed certain credit ratings of 25 Turkish banks, including the Bank, on "Rating Watch Negative." Accordingly, as of 1 June 2018, Fitch placed the following ratings of the Bank to Rating Watch Negative: (a) the "BBB–" Long Term Foreign Currency Issuer Default rating, (b) the "F3" Short Term Foreign Currency Issuer Default rating, (c) the "bb+" Viability rating, (d) the "2" Support rating, (e) the "BBB–/F3" Senior Unsecured Notes rating and (f) the "BB+" Subordinated Notes rating. Fitch also affirmed the Bank's Long Term and Short Term Foreign Currency Issuer Default ratings as "BBB–" and "F3," respectively, and the National Long Term Rating as "AAA(tur)."

On 7 June 2018, Moody's downgraded certain ratings of the Bank by one notch and placed these under review for further downgrade following its decision to place Turkey's credit ratings on review for downgrade on 1 June 2018. On 17 August 2018 and on 24 September 2018, Moody's further downgraded Turkey's foreign currency deposit ceiling to "B2" and "B1," respectively. Following such decision, Moody's downgraded certain of the Bank's ratings. As of 16 November 2018, the Bank's ratings assigned by Moody's are as follows:

Moody's (28 August 2018)

Deposit Outlook:	Negative
Long Term Foreign Currency Deposit:	B2
Long Term Turkish Lira Deposit:	B1
Short Term Foreign Currency Deposit:	Not – Prime
Short Term Turkish Lira Deposit:	Not – Prime
Senior Unsecured Debt Outlook:	Negative
Senior Unsecured Debt:	B1
Baseline Credit Assessment (BCA):	b2
Adjusted BCA:	b1
National Scale Rating (NSR) Long Term Deposit:	A1.tr
NSR Short Term Deposit:	TR–1

On 13 July 2018, Fitch downgraded Turkey's sovereign credit rating to "BB" from "BB+." Following such decision, on 20 July 2018 and 1 October 2018, Fitch downgraded certain of the Bank's ratings. As of 16 November 2018, the Bank's ratings assigned by Fitch are as follows:

Fitch (1 October 2018)

Outlook:	Negative
Long Term Foreign Currency:	BB–
Short Term Foreign Currency:	B
Long Term Turkish Lira:	BB
Short Term Turkish Lira:	B
Viability Rating:	b+
Support:	3
National:	AAA (tur)

On 14 August 2018, JCR Eurasia revised the rating outlook of Turkey's sovereign ratings from "Stable" to "Negative," while keeping such ratings at investment grade. Following such decision, on 17 August 2018, JCR Eurasia affirmed the Bank's: (a) Long Term National Local Rating as "AAA(TrK)," (b) Long Term International Foreign Currency rating as "BBB" and (c) Long Term International Local Currency rating as "BBB+," while revising the rating outlook of the Bank's foreign and local currency ratings from "Stable to "Negative."

On 15 August 2018, the BRSA published the Regulation on Restructuring of Debts in the Financial Sector (the "*Restructuring Regulation*"), pursuant to which a framework agreement (the "*Framework Agreement*") was drafted by the Banks Association of Turkey. On 19 September 2018, the Banks Association of Turkey announced that Turkish banks (including the Bank) and other financial institutions, whose shares correspond to approximately 90% of the total loans in the market, executed the Framework Agreement, which entered into force on the same date following the approval of the BRSA. The remaining Turkish banks and financial institutions are expected to execute the Framework Agreement once their respective internal approval processes have been completed. The aim of the regulation is to assist debtors to repay their debts by introducing new terms for them to enter into restructuring agreements with the relevant credit institutions and enhance the repayment ability of debtors having difficulty in repaying their debts to the financial sector in order for these companies to sustain their operations and contribute to the employment in Turkey and the Turkish economy in general. The Framework Agreement determined: (a) the scope of debts to be restructured, (b) the minimum qualifications of the eligible debtors, (c) the minimum debt amount to be restructured, (d) the content of the restructuring agreements and (e) the procedure to determine a debtor's eligibility, which is the capacity of a debtor to repay its debts following the restructuring process in line with the repayment schedule. According to the Framework Agreement, debtors that have a principal debt of more than TL 100 million are eligible to restructure their debts. The eligible debtor(s) and the applicable credit institutions may sign a restructuring agreement at any time through 19 September 2020. Furthermore, a draft law on restructuring (the "*Draft Restructuring Law*") was circulated to Turkish banks for their review and the Banks Association of Turkey sent the banks' input to the BRSA on 25 September 2018. The Draft Restructuring Law contemplates certain tax exemptions for, and suspension of execution proceedings against, debtors subject to restructuring.

On 13 September 2018, Decree 32 was amended to impose restrictions on the use of, or indexing to, foreign currency in the following contracts executed between persons residing in Turkey: sale and purchase of movable and immovable property, leasing of all kinds of movable and immovable property, including vehicle and financial leasing, employment, service and construction contracts. According to such amendments, Turkish residents were required to amend any relevant contract so that the contract price and all other payment obligations thereunder were re-determined in Turkish Lira within a 30-day transition period (*i.e.*, by 13 October 2018). On 6 October 2018, the Ministry of Treasury and Finance issued an amending communiqué that broadened the scope of, but provided certain exemptions to, these restrictions.

On 15 September 2018, the Ministry of Commerce issued a communiqué that sets forth the procedures and principles relating to the application of Article 376 of the Turkish Commercial Code, which Article regulates the measures that Turkish companies are required to adopt in case of loss of capital or insolvency. This new communiqué aims to clarify and complement the remedial actions that can be taken in relation to the treatment of foreign exchange losses in the calculation of the loss of capital or insolvency. As companies in Turkey prepare their financial statements in Turkish Lira, the value of any foreign currency-denominated asset and liability is converted to Turkish Lira based upon the currency rate applicable as of the date of such financial statements; *however*, until 1 January 2023, the communiqué allows companies to disregard any debt arising from the exchange rate volatility of any outstanding foreign currency-denominated liability while

making any capital loss or insolvency calculations. As such, companies will not be required to apply any measures set forth in Article 376 of the Turkish Commercial Code to maintain their capital if the relevant loss of capital or insolvency arises from currency fluctuations.

On 11 November 2018, a communiqué amending the Covered Bonds Communiqué was published and the CMB amended the LTV ratio applicable for the loans and receivables resulting from housing finance from 75% to 80%.

Pursuant to the Presidential Decree No. 162 dated 11 October 2018, loans guaranteed by the Undersecretariat of Treasury under the KGF programme may be restructured from their initial maturities of 36 months up to 96 months for working capital loans and up to 156 months for investment loans. Such Presidential Decree also requires lenders to provide an opportunity to borrowers to restructure their KGF-guaranteed loans prior to any recourse to the KGF guarantee.

All references in the Base Prospectus to the expected initial ratings by Moody's of Covered Bonds to be issued under the Programme are hereby amended to "Ba1" (for long-term issuances).

TURKISH REGULATORY ENVIRONMENT

The fourth paragraph of the section titled "*Consumer Loan, Provisioning and Credit Card Regulations*" starting on page 293 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

The BRSA, by amending the Regulation on Bank Cards and Credit Cards, has adopted limitations on the length of the periods of instalment payments on credit cards. Pursuant to such limitations, the instalment payment period (including the period for the postponement of payments and the debts split into instalments for a fee) for the purchase of goods and services and cash withdrawals is not permitted to exceed 12 months, whereas such limit is three months for electronic appliance purchasing, six months for computer purchasing, payments made to clubs and associations, expenditures relating to airlines, travel agencies, transportation and accommodation and nine months for expenditures relating to health and social services and for purchases of health products and tax payments. In addition, credit card instalment payments (except for corporate credit cards) are not allowed for jewellery expenditures, telecommunication and related expenses, expenses related to direct marketing, expenditures made outside of Turkey and purchases of nutriment, liquor, fuels, cosmetics, office equipment, gift cards, gift checks and other similar intangible goods. With respect to corporate credit cards, the instalment period (including the period for the postponement of payments and the debts split into instalments for a fee) for the purchase of goods and services and cash withdrawals are not permitted to exceed nine months.

The last sentence of seventh paragraph under the section titled "*Consumer Loan, Provisioning and Credit Card Regulations*" on page 294 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

As for limitations regarding instalments, the maturity of consumer loans (other than loans to consumers for housing finance and complementary goods and services in relation to home renovation/improvement, the financial leases for homes leased to consumers, other loans for the purpose of purchasing real estate and for student loans, financing of debts owed to public institutions where the loan amount is directly deposited into the relevant public institution's account and any refinancing of the same) are not permitted to exceed 36 months, whereas such limit is 48 months for auto loans and loans secured with autos and six months for loans granted for purchases of cell phones, tablets and computers.

The following language is hereby added at the end of the fifth paragraph of the section titled "*Loan Loss Reserves – Current Rules*" (*i.e.*, the last full paragraph at the end of page 273) of the Base Prospectus:

The banks applying TFRS 9 may re-classify their performing Group I loans, which had been previously classified as restructured loans under Group II, under Group I again following a minimum three month monitoring period, subject to the satisfaction of the requirements listed under sub-paragraphs (C) and (D) above (regardless of the conditions under sub-paragraphs (A) and (B) stated above).

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS

The section titled "*Certain Considerations for ERISA and other U.S. Employee Benefit Plans*" starting on page 304 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS

Subject to the following discussion, the Covered Bonds (or beneficial interests therein) may be acquired with assets of an "employee benefit plan" (as defined in Section 3(3) of ERISA), that is subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code and any entity deemed to hold "plan assets" of the foregoing (each, a "*Benefit Plan Investor*"), as well as by governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) (collectively, with Benefit Plan Investors, referred to as "*Plans*"). Section 406 of ERISA and Section 4975 of the Code prohibit a Benefit Plan Investor from engaging in certain transactions with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Benefit Plan Investor. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of such Benefit Plan Investor. In addition, Title I of ERISA requires fiduciaries of a Benefit Plan Investor subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents. Plans that are governmental plans, certain church plans and non-U.S. plans are not subject to the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA or Section 4975 of the Code; *however*, such Plans might be subject to any applicable state, local, other federal or non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("*Similar Law*").

An investment in the Covered Bonds by or on behalf of a Benefit Plan Investor could give rise to a prohibited transaction if the Bank, an Arranger, a Dealer, an Agent or any of their respective affiliates is or becomes a party in interest or a disqualified person with respect to such Benefit Plan Investor. Certain exemptions from the prohibited transaction rules could be applicable to the acquisition or holding of an investment in the Covered Bonds by a Benefit Plan Investor depending upon the type and circumstances of the plan fiduciary making the decision to acquire such investment and the relationship of the party in interest or disqualified person to the Benefit Plan Investor. Included among these exemptions are: Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan Investor and persons who are parties in interest or disqualified persons solely by reason of providing services to the Benefit Plan Investor or being affiliated with such service providers; Prohibited Transaction Class Exemption ("*PTCE*") 96-23, regarding transactions effected by "in-house asset managers;" PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts that might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Covered Bonds, and prospective investors that are Benefit Plan Investors should consult with their legal advisors regarding the applicability of any such exemption.

By acquiring a Covered Bond (or a beneficial interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, then its fiduciary) is deemed to represent and warrant that either: (a) it is not, and for so long as it holds the Covered Bond (or a beneficial interest therein) will not be, acquiring or holding a Covered Bond (or a beneficial interest therein) with the assets of a Benefit Plan Investor or a Plan that is subject to Similar Law, or (b) the acquisition, holding and disposition of the Covered Bond (or a beneficial interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law.

Prospective investors in the Covered Bonds are advised to consult their advisers with respect to the matters discussed above and other applicable legal requirements.