SECOND SUPPLEMENT dated 15 November 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 "**Original Base Prospectus**" and, as supplemented on 19 May 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 updating the Base Prospectus in respect of 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 six month period ended 30 June 2016 and the nine month period ended 30 September 2016 (including any notes thereto, together the "**Group's New BRSA Financial Statements**"), (b) the unconsolidated BRSA financial statements of the Issuer as of and for the six month period ended 30 June 2016 and the nine month period ended 30 September 2016 (including any notes thereto, together 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 six month period ended 30 June 2016 and the nine month period ended 30 September 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 the Irish Stock Exchange 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 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) and in the previous supplement to the Original Base Prospectus, there has been no: (a) significant new factor, material mistake or inaccuracy relating to the information included in the Original Base Prospectus since the publication of the Original Base Prospectus, (b) significant change in the financial or trading position of either the Group or the Issuer since 30 September 2016 and (c) material adverse change in the financial position or prospects of either the Bank or the Group since 31 December 2015.

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:

RISK FACTORS

The fourth paragraph of the risk factor entitled "*Risks relating to Turkey – Political Developments*" on pages 28 and 29 of the Original Base Prospectus as amended by a supplement dated 19 May 2016 is hereby deleted in its entirety and replaced by the following:

> These events are particularly noteworthy as municipal elections were held in Turkey on 30 March 2014 and Presidential elections were held on 10 August 2014. In the March 2014 municipal elections, the governing party received approximately 43% of the total votes cast. The governing party also won the mayoral contest in İstanbul and Ankara, while the primary opposition party won the mayoral contest in İzmir, Turkey's third largest city. Following the local elections, the former Prime Minister Recep Tayyip Erdoğan announced his candidacy to run for the presidency, which he won with approximately 52% of the vote. On 5 May 2016, the Central Executive Board of the AKP decided to hold an extraordinary congress on 22 May 2016, in which the AKP appointed Mr. Binali Yıldırım as the new Prime Minister of Turkey following the resignation of Ahmet Davutoğlu. 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). 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. On 4 November 2016, Turkish authorities arrested several members of the parliament from the Kurdish opposition party, including its two co-leaders. 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. As of 15 November 2016, it is not possible to predict whether the Turkish Presidency will remain primarily a representative office, as is currently the case, or will be granted increased executive powers pursuant to a proposed constitutional amendment. Further, the events surrounding future elections and/or the results of such elections, which could lead to political instability, conflict among certain government and business figures and/or government intervention in the economy, could contribute to the volatility of Turkish financial markets, have a material adverse effect on the macroeconomic environment in Turkey and/or have an adverse effect on investors' perception of Turkey, including the independence of Turkey's institutions. Actual or perceived political instability in Turkey and/or other political circumstances (and related actions, rumors and/or uncertainties) could have a material adverse effect on the Group's business, financial condition and/or results of operations and on the price of the Covered Bonds.
>
> On 15 July 2016, the Turkish government was subject to an attempted coup by a group within the Turkish army. The Turkish government and the Turkish security forces (including the Turkish army) took control of the situation in a short period of time and the ruling government remained in control. On 20 July 2016, the government declared a three month state of emergency in the country, entitling the government to exercise additional powers. Under Article 120 of the Turkish Constitution, in the event of serious indications of widespread acts of violence aimed at the destruction of the free democratic order, a state of emergency may be declared in one or more regions of, or throughout, the country for a period not exceeding six months. On 11 October 2016, the Grand National Assembly of Turkey ratified the Council of Ministers Decree dated 5 October 2016 related to the extension of the state of emergency for an additional three months period starting from 19 October 2016 pursuant to Article 121 of the Turkish Constitution.
>
> The government has arrested, discharged or otherwise limited, in the aggregate, thousands of members of the military, the judiciary and the civil service, restricted media outlets and otherwise taken actions in response to the coup attempt, including expansion of these actions to the business community. As of 15 November 2016, investigations with respect to the attempted coup are on-going. Although, through 15 November 2016, the Bank's operations have not been materially affected by the attempted coup, the political and social circumstances following the attempted coup and its aftermath (including rating downgrades of Turkey and the Bank) (see "*Recent Developments*") might have a negative impact on the Turkish economy (including the value of the Turkish Lira, international investors' willingness to invest in Turkey and domestic demand), Turkey's institutions (including as a result of arrests, suspension or dismissal of a number of individuals working in the public sector) and regulatory framework, the Bank's and/or the Group's business, liquidity and/or conditions (financial or otherwise) and/or the value and/or market price of an investment in the Covered Bonds.

The last sentence of the second paragraph of the risk factor entitled "*Risks relating to Turkey - Terrorism and Conflicts*" on page 30 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

On 28 June 2016, a terrorist attack occurred at the Atatürk Airport in İstanbul, resulting in 45 fatalities and over 230 injured persons. Such incidents are likely to continue to occur periodically. On 24 August 2016, Turkey began military operations in Syria in an effort to clear ISIS from the Turkish-Syrian border. These operations might lead to potential retaliation attacks by terrorist groups and additional security risks in Turkey. There is on-going tension in the region, which has been elevated following Iraq's 5 October 2016 request for a U.N. Security Council meeting to discuss the presence of Turkish troops in Northern Iraq.

RECENT DEVELOPMENTS

The section entitled "*Recent Developments*" included in the Original Base Prospectus by a supplement dated 19 May 2016 is amended by the addition of the following at the end thereof:

On 7 April and 5 August 2016, the BRSA published amendments to the Regulation on Provisions and Classification of Loans and Receivables, adding new provisional articles related to loans and other receivables that banks provide to borrowers operating in the tourism and energy industries. These provisional articles provide that (among other things) the terms of loans and other receivables that are granted to these borrowers and classified under Group II (*Loans and Other Receivables Under Close Monitoring*) may be modified up to two times until 31 December 2016. If at least 10% of the principal and interest payments of such a loan or other receivable have been repaid, then such loan or other receivable may be re-classified under Group I (*Loans of a Standard Nature and Other Receivables*) to the extent the terms set out in the new loan agreement are satisfied. If the terms of a loan and other receivable granted to the tourism and energy industries are modified, then the banks may re-classify these loans under Group III (*Loans and Other Receivables with Limited Recovery*), Group IV (*Loans and Other Receivables with Improbable Recovery*) and Group V (*Loans and Other Receivables Considered as Losses*) as per the applicable provisions of the Regulation on Provisions and Classification of Loans and Receivables.

Law No. 6728, which was published in the Official Gazette on 9 August 2016, provides that interest payments on bonds are exempt from VAT. Accordingly, the tax issue resulting from the statement in the VAT Ruling regarding interest payments on bonds, which was not effective as per the Revenue Administration's letter dated 18 March 2015 (see "*Taxation – Certain Turkish Tax Considerations – Value Added Tax*"), was resolved as of 9 August 2016.

On 17 July 2016, the Central Bank announced the following measures: (a) the Central Bank will provide banks unlimited liquidity as needed, (b) the commission rate for the intra-day liquidity facilities will be zero, (c) banks will be allowed to place foreign exchange deposits as collateral without any limits for any needed Turkish Lira liquidity, (d) banks' current foreign exchange deposit limits, which was approximately US$50 billion as of 17 July 2016, may be increased and utilisation conditions (e.g., collateral and cost) will be improved, if deemed necessary, (e) all markets and systems, including funds transfer and settlement systems, will be kept open until the final settlement of transactions, (f) market volume and prices will be closely monitored and (g) all other necessary measures will be taken to ensure financial stability.

On 6 September 2016, the Central Bank announced that: (a) Turkish Lira reserve requirement ratios were lowered by 50 basis points for all maturity brackets and (b) in the context of the Reserve Options Mechanism, which provides Turkish banks the option to hold a portion of the Turkish Lira reserve requirements in foreign exchange or standard gold, coefficients for certain tranches of the foreign exchange and gold facilities have been increased by 0.1 points. On 31 October 2016, the Central Bank announced that, in the context of the Reserve Options Mechanism, coefficients for certain tranches of the foreign exchange have been reduced by 0.2 points. Based upon the current level of the reserve option used by Turkish banks, the Central Bank estimated that the implementation of the above measures will provide additional liquidity of approximately US$620 million to the Turkish financial system. Also, the Central Bank increased the upper limit used to calculate the average of the reserve requirements for foreign currency liabilities, which the Central Bank estimated will provide US$2.9 billion for the Turkish banks' usage.

In its meetings held on 24 May, 21 June, 19 July 2016, 23 August and 22 September 2016, the Central Bank reduced the upper limit of its interest rate corridor (lending rate) by 50 basis points (to 9.50%), 50 basis points (to 9.00%), 25 basis points (to 8.75%), 25 basis points (to 8.50%) and 25 basis points (to 8.25%), respectively. In its meeting held on 20 October 2016, the Central Bank held constant the upper limit of its interest rate corridor (lending rate) at 8.25%, its one-week repo rate at 7.50% and its overnight borrowing rate at 7.25%.

On 20 July 2016, Standard & Poor's downgraded Turkey's credit rating from "BB+" to "BB" and changed its outlook from "stable" to "negative." On 22 July 2016, Standard & Poor's downgraded the Long-Term Foreign Currency and the Long-Term Local Currency ratings of the Bank (among other Turkish banks) from "BB+" to "BB" and changed its outlook from "stable" to "negative." Standard & Poor's affirmed the "bb+" rating of the Bank's Stand-alone Credit Profile (SACP). On 4 November 2016, Standard & Poor's revised the outlook of Turkey's credit ratings from "negative" to "stable" and affirmed the Foreign Currency Long-Term Sovereign Credit Rating of Turkey as "BB." The Standard & Poor's announcement states that this revision of outlook reflects Standard & Poor's view that policymakers will continue to implement economic reforms, which will help to underpin economic stability, despite persistent domestic and external risks. Following such outlook change, on 8 November 2016, Standard & Poor's revised the outlook of the credit ratings of the Bank from "negative" to "stable" and affirmed the Long-Term Foreign Currency and the Long-Term Local Currency ratings of the Bank at "BB" and Stand-alone Credit Profile (SACP) rating of the Bank at "bb+."

Following the revision of its outlook on certain of the ratings of Turkey, on 25 August 2016, Fitch revised the outlook of 18 Turkish banks, including the Bank, from "stable" to "negative." The Bank's ratings from Fitch are as follows:

Fitch (*25 August 2016*)

Outlook:	Negative
Long Term Foreign Currency:	BBB
Short Term Foreign Currency:	F2
Long Term Turkish Lira:	BBB
Short Term Turkish Lira:	F2
Viability Rating:	bbb-
Support:	2
National:	AAA (tur)

Following the downgrade of the debt rating of Turkey to "Ba1" (with a stable outlook) from "Baa3" (under review for downgrade), on 26 September 2016, Moody's downgraded the long-term debt and deposit ratings of 14 Turkish financial institutions, including the Bank. The Bank's ratings from Moody's are as follows:

Moody's (26 September 2016)

Deposit Outlook:	Stable
Long Term Foreign Currency Deposit:	Ba2
Long Term Turkish Lira Deposit:	Ba1
Short Term Foreign Currency Deposit:	Not – Prime
Short Term Turkish Lira Deposit:	Not – Prime
Senior Unsecured Debt Outlook:	Stable
Senior Unsecured Debt:	Ba1
Baseline Credit Assessment (BCA):	Ba2
Adjusted BCA:	Ba1
National Scale Rating (NSR) Long Term Deposit:	Aa1.tr
NSR Short Term Deposit:	TR-1

Following Moody's downgrade of Turkey's local-currency bond ceiling to "Baa1" from "A3", the ratings of the covered bonds of six Turkish banks, including the Bank, were capped at Turkey's local currency bond ceiling of "Baa1." Accordingly, any Covered Bonds rated by Moody's are expected (assuming they provide for the required Required Overcollateralisation Percentage and appropriate Hedging Agreements are in place) initially to be rated "Baa1."

All references in this Base Prospectus to the expected initial ratings by Moody's of Covered Bonds are hereby amended to "Baa1" from "A3."

In October 2016, the Bank entered into a share transfer agreement with Garanti Technology and Sovcombank, a bank operating in Russia, in relation to the transfer of shares in GBM (Garanti Bank Moscow), a subsidiary of the Bank. According to the share transfer agreement, the Bank and Garanti Technology agreed to transfer 99.94% and 0.06%, respectively, stakes in GBM to Sovcombank for an aggregate purchase price of US$40,455,201 (subject to certain adjustments). The completion of the share transfer is subject to the receipt of the necessary regulatory approvals.

As noted in the section entitled "*Presentation of Financial and Other Information* **-** *Presentation of Financial Information*," the Bank is required to rotate its external auditors every seven years. In compliance therewith, on 3 November 2016, an extraordinary General Shareholders' Meeting was held and the proposal of the Bank's Board of Directors regarding the appointment of Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) as the Bank's external auditors for the fiscal year 2017 was approved.

TURKISH REGULATORY ENVIRONMENT

The second paragraph of the section entitled "*Loan Loss Reserves - Group I: Loans of a Standard Nature and Other Receivables*" on page 250 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

The terms of a bank's loans and receivables monitored in this group may be modified if such loans and receivables continue to have the conditions envisaged for this group.

The last three sentences of the second paragraph of the section entitled "*Loan Loss Reserves - Group II: Loans and Other Receivables Under Close Monitoring*" on page 251 of the Original Base Prospectus are hereby deleted in their entirety and replaced by the following:

The terms of a bank's loans and receivables monitored in this group may be modified if such loans and receivables continue to have the conditions envisaged for this group.

The sentence reading "Banks with consumer loan ratios greater than 25% of their total loans and banks with non-performing consumer loan (classified as frozen receivables (excluding housing loans)) ratios greater than 8% of their total consumer loans (excluding housing loans) (pursuant to the unconsolidated financial data prepared as of the general reserve calculation period) are required to set aside a 4% general provision for outstanding (but not yet due) consumer loans (excluding housing loans) under Group I, and an 8% general provision for outstanding (but not yet due) consumer loans (excluding housing loans) under Group II (the **"Consumer Loans Provisions"**)." on page 252 of the Original Base Prospectus is hereby deleted in its entirety.

The fourth paragraph of the section entitled "*Liquidity and Reserve Requirements*" on page 260 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

Pursuant to the Communiqué Regarding Reserve Requirements, starting from 9 September 2016, the reserve requirements regarding Turkish Lira liabilities vary by category and tenor, as set forth below

Category of Turkish Lira Liabilities	Required Reserve Ratio
1) Deposit/participation accounts (excluding deposit/participation accounts held at foreign banks)	
Demand deposits, notice deposits	10.5%
Up to 3 months maturity (including 3 months)	10.5%
Up to 6 months maturity (including 6 months)	7.5%
Up to 1 year maturity	5.5%
With maturities of 1 year and longer	4.0%
2) Borrowers' deposit accounts held at development and investment banks*	10.5%
3) Other liabilities (including deposit/participation accounts held at foreign banks)	
Up to 1 year maturity (including 1 year)	10.5%
Up to 3 years maturity (including 3 years)	7.0%
Longer than 3 years maturity	4.0%

** Due to Turkish laws applicable to development and investment banks, the amount deposited in such accounts cannot exceed the total outstanding loan amount extended by the relevant development and investment bank to such borrower.*

The third paragraph of the section entitled "*Consumer Loan, Provisioning and Credit Card Regulations*" on pages 269 and 270 of the Original 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 period of instalment payments on credit cards. Pursuant to such limitations, the instalment payment period for the purchase of goods and services and cash withdrawals is not permitted to exceed 12 months, whereas such limit is four months for jewellery expenditures, six months for electronic appliance and computer purchasing and nine months for expenditures relating to airlines, travel agencies, transportation, accommodation, health and social services and for purchases of health products, payments made to clubs and associations and tax payments). In addition, credit card instalment payments (except for corporate credit cards) are not allowed for 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 instalments for the purchase of goods and services and cash withdrawals are not permitted to exceed 12 months. Also, pursuant to the provisional article to the Regulation on Bank Cards and Credit Cards, the debt balance of a credit card calculated as of 27 September 2016 can be split into instalments limited to 72 months upon the request of the relevant cardholder.

The fifth paragraph of the section entitled "*Consumer Loan, Provisioning and Credit Card Regulations*" on page 270 of the Original Base Prospectus is hereby deleted in its entirety.

The sixth paragraph of the section entitled "*Consumer Loan, Provisioning and Credit Card Regulations*" on page 270 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

On 31 December 2013, the BRSA adopted new rules on loan-to-value and instalments of certain types of loans and, on 27 September 2016, the BRSA made certain amendments to such rules. Pursuant to these rules, the minimum loan-to-value requirement for housing loans extended to consumers and for loans (except auto loans) secured by houses is 80%. In addition, for auto loans extended to consumers, for loans secured by autos and for financial lease transactions for autos, the loan-to-value requirement is set at 70%; *provided* that in each case the sale price of the respective auto is not higher than TL 50,000. On the other hand, if the sale price of the respective auto is above this TL 50,000 threshold, then the minimum loan-to-value ratio for the portion of the loan below the threshold amount is 70% and the remainder is set at 50%. As for limitations regarding instalments (as amended by the BRSA from time to time), 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 any refinancing of the same) are not permitted to exceed 48 months.

Also, pursuant to the provisional article of the Regulation on Loan Transactions of Banks, the debt balances of individual loans (which include loans provided for durable and semi-durable consumer goods, weddings, education and health) utilised before 27 September 2016 may be restructured upon the request of the borrower over a period of up to 72 months (or up to 48 months if an additional loan is provided to the customer within the scope of the restructuring).