

**THIRD SUPPLEMENT dated 12 September 2013 to the Base Prospectus dated 19 April 2013**



**TÜRKİYE GARANTİ BANKASI A.Ş.  
U.S.\$2,500,000,000  
Global Medium Term Note Programme**

This supplement (the **Third Supplement**) is supplemental to, and must be read in conjunction with, the Base Prospectus dated 19 April 2013 (the **Original Base Prospectus** and, as supplemented on 13 May 2013 and 16 August 2013, the **Base Prospectus**) prepared by Türkiye Garanti Bankası A.Ş. (the **Issuer**) under the Issuer's global medium term note programme. Capitalised terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Base Prospectus.

This Third 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 Third 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 recent events in connection with the Issuer. As a result, certain modifications to the Base Prospectus are hereby being made.

The language of this Third Supplement is English. Certain legislative references and technical terms used herein have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Statements contained in this Third Supplement shall, to the extent applicable and whether expressly, by implication or otherwise, be deemed to 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 in this Third Supplement, the information set out in (or incorporated by reference into) this Third Supplement shall prevail.

Except as disclosed in this Third Supplement, there has been no significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus since the publication of the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Third Supplement. 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 set out in this Third Supplement is in accordance with the facts and contains no omission likely to affect the import of such information.

None of the Dealers or the Arranger make any representation, express or implied, or accept any responsibility, for the contents hereof or any information incorporated by reference into this Third Supplement.

## AMENDMENTS

The following amendments are made to the Base Prospectus:

### RISK FACTORS

The last paragraph of the risk factor entitled “*Political, Economic and Legal Risks relating to Turkey – High Current Account Deficit*” on page 15 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

The decline in the current account deficit experienced in 2012 is expected by the Bank’s management to reverse starting in mid-2013 as the value of the Turkish Lira decreases (having exceeded 2.0 TL/USD in August, a depreciation of approximately 15% in the first eight months of 2013) and thus the cost of importing oil and other goods and services increases. While some of the decrease in the value of the Turkish Lira is likely due to domestic economic conditions, it also reflects changes in the global flow of funds caused by the expected reduction by the U.S. Federal Reserve in its expansionary monetary policy. As an increase in the current account deficit might erode financial stability in Turkey, the Central Bank has recently taken certain actions to restrain domestic consumption and inflation. For example, in July and August 2013, the Central Bank increased the upper band of the interest rate corridor (the lending rate) from 6.5% to 7.25% and then 7.75%, announced plans to close the repo window for dealers when market conditions warrant (meaning that dealers would need to obtain funds through the more expensive lending rate) and indicated that it would otherwise seek to restrain domestic consumption. Such actions by the Central Bank and similar or other actions that it might take in the future might not be successful in reducing the current account deficit.

Financing the high current account deficit might be difficult in the event of a global liquidity crisis and/or declining interest of foreign investors in Turkey. Any such difficulties may lead the Turkish government to seek to raise additional revenue to finance the current account deficit or to seek to stabilize the Turkish financial system, and any such measures might adversely affect the Group’s business, financial condition and/or results of operations.

The risk factor entitled “*Political, Economic and Legal Risks relating to Turkey – Political Developments*” on page 16 of the Original Base Prospectus is amended by the addition of the following new paragraph at the end thereof:

In May 2013, protests started in Istanbul and soon spread to Ankara and other major cities in Turkey against plans to replace Gezi Park, an urban park in Istanbul’s central Taksim Square, with a commercial development. These protests resulted in confrontations among protestors and security forces and contributed to increased volatility in Turkish financial markets. While the Bank’s management does not believe that these conflicts will have a material long-term negative impact on Turkey’s economy or the Group’s business, financial condition or results of operation, it is possible that these (or other) protests and related circumstances could have such an impact and/or a negative impact on investors’ perception of Turkey, the strength of the Turkish economy and/or the value of the Notes issued under the Programme.

The risk factor entitled “*Political, Economic and Legal Risks relating to Turkey – Inflation Risks*” on page 16 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

The Turkish economy has experienced significant inflationary pressures in the past with year-over-year consumer price inflation rates as high as 68.6% in the early 2000s; *however*, weak domestic demand and declining energy prices in 2009 caused the domestic year-over-year consumer price index to decrease to 6.4% at the end of 2010, the lowest level in many years. According to TurkStat, consumer price inflation was 6.4%, 10.5% and 6.2% in 2010, 2011 and 2012, respectively, while producer price inflation was 8.9%, 13.3% and 2.5%, respectively, in the same periods. For the twelve months ended 30 June 2013, the

consumer price inflation and producer price inflation rates increased to 8.3% and 5.2%, respectively, and the Bank's management believes that inflation may increase further unless the government (including the Central Bank and BRSA) is successful in sufficiently reducing domestic consumption and/or increasing the value of the Turkish Lira. If the level of inflation in Turkey were to fluctuate or increase significantly, then this could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The risk factor entitled "*Political, Economic and Legal Risks relating to Turkey – Terrorism and Conflicts*" on page 17 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

Political uncertainty within Turkey and in certain neighbouring countries, such as Iran, Iraq, Georgia, Armenia, Syria and Egypt, has historically been one of the potential risks associated with investment in Turkish companies. Political instability in the Middle East and elsewhere remains a concern, most recently exemplified by the internal conflicts in Syria and Egypt and tensions between Iran and Israel. Turkey has also experienced problems with domestic terrorism and ethnic separatist groups. For example, Turkey has been in conflict for many years with the People's Congress of Kurdistan, formerly known as the PKK (an organisation that is listed as a terrorist organisation by (*inter alia*) Turkey, the EU and the United States). The issue of civil rights for Kurdish citizens remains a potential source of political instability, which may be exacerbated by continuing instability in Iraq. On 1 February 2013, a suicide bomber attacked the U.S. Embassy in Ankara killing himself and others. On May 11, 2013, two car bombs exploded in the Reyhanlı district of the southern province of Hatay, resulting in the deaths of 52 people and significant additional casualties. The Taksim Square protests described above have also contributed to recent volatility in the Turkish financial markets. Such circumstances and domestic terrorist attacks have had and could continue to have a material adverse effect on the Turkish economy and on the Group's business, financial condition and/or results of operations.

The last paragraph of the risk factor entitled "*Political, Economic and Legal Risks relating to Turkey – Combating the Financing of Terrorism*" on page 18 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

In an effort to ensure compliance with the FATF requirements, new measures against financing terrorist activities in Turkey were introduced with the entry into force of the Law on Combating the Financing of Terrorism on 16 February 2013 (the **CFT Law**). In order to address shortcomings identified by the FATF and with a view to achieving compatibility with international standards as outlined under the International Convention for the Suppression of the Financing of Terrorism and annexes thereto, the CFT Law introduces an expanded scope to the financing of terrorism offense (as currently defined under Turkish anti-terrorism laws). The CFT Law also presents new principles and mechanisms for identifying and freezing terrorist assets and facilitates the implementation of United Nations Security Council decisions, in particular those relating to entities and/or individuals placed on sanction lists. On 22 February 2013, due to the implementation of the CFT Law, the FATF decided not to recommend the application of the above-mentioned countermeasures. In June 2013, the FATF declared that Turkey has taken notable steps towards improving its CFT regime, which include enacting the CFT Law and (in May 2013) issuing the regulation for its implementation; *however*, this statement also expressed that the FATF had not yet assessed the regulations and therefore had not yet determined the extent to which Turkey's actions address the shortcomings in Turkish law. Turkey has been advised by the FATF to continue the process of implementing its action plan, and the FATF may further request that Turkey adopt additional measures and procedures to ensure full compliance with FATF requirements. In the event that the FATF finds Turkey's actions to be insufficient, then FATF measures as described above may be imposed on Turkey and this could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The second and third paragraphs of the risk factor entitled “*Risks Relating to the Turkish Banking Industry – Banking Regulatory Matters*” on pages 19 and 20 of the Original Base Prospectus are hereby deleted in their entirety and replaced by the following:

As applicable to all other enterprises in Turkey, the Bank is also subject to competition and antitrust laws. In November 2011 the Turkish Competition Board initiated an investigation against the Bank (and two of its subsidiaries) and 11 other banks operating in Turkey with respect to allegations of acting in concert regarding interest rates and fees on credit cards, deposits and loans (including mortgage loans). On 8 March 2013, the Competition Board ruled that the economic group comprised of the Bank and two of its subsidiaries (*i.e.*, Garanti Payment Systems and Garanti Mortgage) was to be fined TL 213 million in connection with this investigation, and on 16 August 2013 the Bank paid three quarters of this administrative penalty (*i.e.*, TL 160.04 million), in accordance with the provisions of law permitting a 25% reduction if paid within 30 days after the Bank’s receipt of the final decision (which was received on 17 July 2013). Notwithstanding this payment, the Bank intends to object in September 2013 to this decision through proceedings in the administrative courts. In addition to the monetary fines imposed by the Competition Board, the Bank, pursuant to articles 57 and 58 of the Law on the Protection of Competition, may face claims from individual customers on the grounds that such customers have suffered damages and could sue the Bank. Through 31 August 2013, only one case has been filed against 12 banks (including the Bank) in this respect (which claim was dismissed by the court for lack of jurisdiction); *however*, there is no precedent Turkish court decision approving the legal validity of any such claims by customers and there are no resolved cases opened by any customers against the Bank. While the burden of proof lies with the customers and the Bank’s management is of the view that no actionable damage was caused, there can be no assurance that the Turkish courts would agree with such analysis and the number of such claims may increase depending upon the outcome of the initial law suit. See “*The Group and its Business – Litigation and Administrative Proceedings.*”

As a result of the recent global financial crisis, policy makers in Turkey, the EU and other jurisdictions in which the Group operates have enacted or proposed various new laws and regulations, including those that limit the interest rates, fees and/or commissions that banks may charge their customers. Examples of such rule changes include the imposition of ceilings on mutual fund fees and decreases in ceiling rates that may be charged on credit cards. Other regulatory changes can affect the pricing of the Group’s business - two examples of such a change are: (a) the Central Bank’s September 2010 announcement that, as with foreign currency reserves, it would no longer pay interest on reserve accounts kept in Turkish Lira (which had until such time been interest-bearing), which change caused Turkish banks to revisit the pricing of their products and services in order to minimize the impact of this change, and (b) the BRSA’s August 2013 communiqué requiring Turkish banks to obtain the approval of their applicable retail customers for increases higher than 20% in fees and commissions. The BRSA or other governmental entities might introduce certain additional new laws and regulations that impose limits or prohibitions on interest rates, fees and/or commissions charged to customers or otherwise affect payments received by the Group from its customers. Fees and commissions represented 21.5% of the Group’s total operating income in 2012. Any failure by the Group to adopt adequate responses to these or other future changes in the regulatory framework could have a material adverse effect on the Group’s business, financial condition and/or results of operations.

The last paragraph of the risk factor entitled “*Risks Relating to the Turkish Banking Industry – Changes to Capital Adequacy Requirements*” on pages 20 and 21 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

The Basel Committee recently adopted further revisions (**Basel III**), which are expected to be implemented between 2014 and 2019. In 2013, the BRSA announced its intention to adopt the Basel III requirements and, on 5 September 2013, adopted the Regulation on the Equity of Banks and amendments to the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks, both of which will enter into effect on 1 January 2014. In addition to these new regulations: (a) a draft Regulation on the

Capital Maintenance and Cyclical Capital Buffer, which regulates the procedures and principles regarding the calculation of additional core capital amount, was made available by the BRSA for public review, (b) the BRSA published its draft Regulation on the Measurement and Evaluation of Leverage Levels of Banks, through which regulation the BRSA would seek to constrain leverage in the banking system and maintenance of adequate equity on a consolidated and non-consolidated basis against leverage risks (including measurement error in the risk-based capital measurement approach), and (c) in order to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30 calendar day period, the BRSA has published a draft regulation on a liquidity coverage ratio. The above implies possible implementation of Basel III by as early as the beginning of 2014. In the future, Turkish banks' capital adequacy requirements may be further affected by Basel III, which includes requirements regarding regulatory capital, liquidity adequacy and counterparty credit risk measurements. If these or any other capital adequacy-related revisions are adopted and the Bank and/or the Group is unable to maintain its capital adequacy ratios above the minimum levels required by the BRSA (whether due to its inability to obtain additional capital on acceptable economic terms, if at all, sell assets (including subsidiaries) at commercially reasonable prices, or at all, or for any other reason), then this could have a material adverse effect on the Group's business, financial condition and/or results of operations. Please see "*Turkish Regulatory Environment*" below for further discussion on Basel III.

The risk factor entitled "*Risks Relating to the Group and its Business – Corporate Governance*" on page 31 of the Original Base Prospectus is hereby deleted in its entirety and replaced with the following:

On 30 December 2011, the CMB issued the Communiqué on the Determination and Implementation of Corporate Governance Principles Series IV, No. 56 (as amended, the **Corporate Governance Communiqué**) providing certain mandatory and non-mandatory principles applicable to all companies incorporated in Turkey and listed on Borsa İstanbul. The CMB amended the Corporate Governance Communiqué as of 22 February 2013 to provide for specific exemptions and/or rules applicable to banks that are traded on Borsa İstanbul. These amendments were prepared in consultation with the BRSA in accordance with the new Capital Markets Law. The intent of the Corporate Governance Communiqué is to enhance Turkish corporate governance standards in a number of ways, including requiring the establishment of various committees such as a remuneration committee and a corporate governance committee. According to the amended Corporate Governance Communiqué, publicly traded banks are also required to appoint three independent board members to their boards of directors; *provided* that members of the audit committee are qualified as independent board members. Publicly traded banks were required to comply with the Corporate Governance Communiqué, as amended, by no later than June 2013. Accordingly, the Bank established a Corporate Governance Committee at its board meeting on 14 February 2013, an independent director (Ms. Belkıs Sema Yurdu) was appointed at its ordinary general assembly on 30 April 2013 and the Bank has otherwise complied with the applicable mandatory obligations. Where the Bank does not comply with any of the non-mandatory principles applicable to it under the Corporate Governance Communiqué, it will describe any such non-compliance in its annual Corporate Governance Principles Compliance Report, which is published as part of the Bank's annual report.

As almost all of the members of the Bank's Board of Directors are associated with the Doğu Group and Banco Bilbao Vizcaya Argentaria, S.A. (**BBVA**), the opinions held by the Bank's directors may be the same as the views of the Bank's management and thus the Bank's board might not present an independent voice to balance against the views of the Bank's management. See "*Management*."

The risk factor entitled "*Risks Relating to the Group and its Business – Audit Qualification*" on page 32 of the Original Base Prospectus is hereby deleted in its entirety and replaced with the following:

The Group's audit reports for the years ended 31 December 2010, 2011 and 2012 and review reports for the six months ended 30 June 2013 were qualified with respect to general provisions that were allocated

by the Group. In 2009, the Group's management elected to take a TL 330,000 thousand general provision in order to act conservatively in the context of the uncertainty created by the global financial crisis. The Bank's management decided to maintain this general provision in 2010 and 2011, and elected to take a further TL 90,000 thousand provision in 2011. This general provision remained outstanding in the Group's financial statements during 2012; *however*, in the first half of 2013 the Bank's management determined that certain related risks had diminished and reversed TL 60,000 thousand of these provisions.

Deloitte has qualified its audit reports in respect of the years ended 31 December 2010, 2011 and 2012 (and its review reports for later interim periods) as general provisions are not permitted under IFRS (see Deloitte's opinion attached to each IFRS Financial Statement attached hereto or incorporated by reference herein). Although these provisions do not impact the Group's level of tax or capitalization ratios, the Group's net income might otherwise be higher in the periods in which such provisions are established and lower in the periods in which such provisions are reversed. Such provisions might be increased or reversed by the Group in future periods, which may cause the Group's net income to be higher or lower in future periods than it otherwise would be. The auditor's statements on such qualification can be found in its opinion attached to each of the applicable IFRS Financial Statements and BRSA Financial Statements attached hereto (or incorporated by reference herein).

## THE GROUP AND ITS BUSINESS

The section entitled “*The Group and its Business – Credit Ratings*” on page 125 of the Original Base Prospectus is amended by replacing the Moody's section thereof with the following:

*Moody's (20 May 2013)*

Long Term Foreign Currency Deposit Outlook:	Stable
Long Term Foreign Currency Deposit:	Baa3
Long Term Turkish Lira Deposit:	Baa2
Short Term Turkish Lira Deposit:	Prime-2
Short Term Foreign Currency Deposit:	Prime-3
Financial Strength Rating (FSR):	D+
Financial Strength Rating Outlook:	Stable
Long Term National:	Aa2.tr
Short Term National:	TR-1

The “*Interest Rates Investigation*” description in the section entitled “*The Group and its Business – Litigation and Administrative Proceedings*” on pages 126 and 127 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

In a decision dated 2 November 2011, the Turkish Competition Board resolved to initiate an investigation against 12 banks operating in Turkey to determine whether they have acted in concert and violated Turkish competition laws in respect of interest rates applicable to banking products that they offer. As part of this investigation, the Competition Board investigated the Bank and two of its subsidiaries, Garanti Payment Systems and Garanti Mortgage. The Competition Board announced its fines on 8 March 2013, with the Bank and such subsidiaries being fined TL 213 million, and on 16 August 2013 the Bank paid three quarters of this administrative penalty (*i.e.*, TL 160.04 million), in accordance with the provisions of law permitting a 25% reduction if paid within 30 days after the Bank's receipt of the final decision (which was received on 17 July 2013). In addition to the monetary fines imposed by the Competition Board, the Bank, pursuant to articles 57 and 58 of the Law on the Protection of Competition, may face claims from individual customers on the grounds that such customers have suffered damages and could sue the Bank. So far, only one case has been filed against 12 banks (including the Bank) in this respect (which claim was dismissed by the court for lack of jurisdiction); *however*, there is no precedent Turkish court decision approving the legal validity of any such claims by customers and there are no resolved cases opened by

any customers against the Bank. While the burden of proof lays with the customers and the Bank's management is of the view that no real damage was caused, there can be no guarantee that the Turkish courts would agree with such analysis and the number of such claims may increase depending upon the outcome of the initial law suit. While there is no precedent Turkish court decision approving the legal validity of any such claims by customers and there are not any resolved cases opened by any customers against the Bank in this respect, under articles 57 and 58 of the Law on the Protection of Competition individual customers claiming to have suffered damages resulting from such activities could sue the Bank (including in a class action). The Bank's management has indicated that the amount of such fine (and any related damages successfully proven by a customer) will be sufficiently covered by the Bank's existing general provisions.

The section entitled "*The Group and its Business – Litigation and Administrative Proceedings*" on pages 126 and 127 of the Original Base Prospectus is hereby amended by deleting the "*Garanti Payment Systems Tax Audit*" description therein and replacing it with the following:

#### *Founder Share Tax Inspection*

The Istanbul Large-Scale Taxpayers Office of the Tax Inspection Board held inspections regarding the Bank's purchase and cancellation in 2008 of the founder share certificates issued by the Bank, the funds for which purchase were obtained from a capital increase by the Bank. As a result of these inspections, the tax authorities have claimed that the payments made by the Bank to the holders of the founder share certificates should have been treated as dividend payments and that, as a result, the Bank had under-calculated its income and corporate tax.

Accordingly, the Bank received a tax audit report and a tax/penalty notification in the amount of TL 211.5 million (including an actual tax of TL 84.6 million and a fine of TL 126.9 million). In the Bank's management's assessment, the Bank's practice is in compliance with the relevant legislation and the Bank will take legal actions against the tax authority's assessments.

## **MANAGEMENT**

The table of directors of the Bank on page 133 of the Original Base Prospectus is hereby amended by the addition of Ms. Belkıs Sema Yurdum, appointed 2013 for a term expiring May 2016. In addition, the following information about Ms. Belkıs Sema Yurdum is hereby inserted after the information of Mr. Manuel Castro Aladro on page 135 of the Original Base Prospectus:

#### *Belkıs Sema Yurdum*

Ms. Sema Yurdum graduated from Boğaziçi University, Faculty of Administrative Sciences in 1979 and completed the Advanced Management Program in Harvard Business School for senior managers in 2000. After working in a private sector company as an expert in human resources, she had a career in the banking sector from 1980 through 2005. She worked as an Executive Vice President of the Bank and held audit committee membership in various of its subsidiaries between 1992 and 2005. Since 2006, Ms. Yurdum has been engaged in senior consultancy services for various companies.

## **TURKISH REGULATORY ENVIRONMENT**

The first table in the section entitled "*Turkish Regulatory Environment – Liquidity and Reserve Requirements*" (and the sentence preceding such table) on page 166 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

Effective from 24 May 2013, the reserve requirements regarding foreign currency liabilities vary by category, as set forth below:

<b>Category of Foreign Currency Liabilities</b>	<b>Required Reserve Ratio</b>
Demand deposits, notice deposits, private current accounts, precious metal deposit accounts, deposit accounts, deposit/participation accounts up to 1 month, 3 month, 6 month and 1 year maturities .....	13%
Deposit/participation accounts and precious metal deposit accounts up to 1 year and longer maturities and cumulative deposits/participation accounts .....	9%
Other liabilities up to 1 year maturity (including 1 year) .....	13%
Other liabilities up to 3 year maturity (including 3 year) .....	11%
Other liabilities longer than 3 year maturity .....	6%
Special fund pools .....	Ratios for corresponding maturities above

The section entitled “*Turkish Regulatory Environment – Basel III*” on pages 175 and 176 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

The Basel Committee has recently adopted further revisions to Basel II (*i.e.*, Basel III), but there is no certainty as to whether these most recent Basel III revisions will be implemented by the BRSA in Turkey and, if so, when and in what form. Although an official timetable for the adoption of Basel III in Turkey has not been announced by the BRSA, the regulations are expected to be implemented between 2014 and 2019 in accordance with the transition period provided for by the Basel Committee. On 5 September 2013, the BRSA adopted the Regulation on Equity of Banks and amendments to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks, both of which will enter into effect on 1 January 2014.

The Regulation on the Equity of Banks introduces the following changes: (a) introducing core capital as a component of equity, (b) determining which additional Tier I capital items are included as Tier I capital along with core capital, (c) determining detailed correction principles concerning items included within the own funds accounts, (d) changing the principles by which minority rights and shares owned by third persons are considered within the consolidated open funds account and (e) ensuring that the borrowing instruments included in additional Tier I capital and supplementary capital are removed from the records should a bank's capital adequacy ratio decrease below a determined threshold, with the aim of recovering losses or making them convertible to equity. In light of the foregoing changes, the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks required amendment and the regulation adopting such amendments: (i) introduced a minimum core capital adequacy standard ratio (4.5%) and a minimum Tier I capital adequacy standard ratio (6.0%) to be calculated on a consolidated and non-consolidated basis (which are in addition to the previously existing requirement for a minimum total capital adequacy ratio of 8.0%) and (ii) placed certain factors previously deducted from equity to risk weight in determining capital adequacy.

In addition to these new regulations: (a) a draft Regulation on the Capital Maintenance and Cyclical Capital Buffer, which regulates the procedures and principles regarding the calculation of additional core capital amount, was made available by the BRSA for public review, (b) the BRSA published its draft Regulation on the Measurement and Evaluation of Leverage Levels of Banks, through which regulation the BRSA would seek to constrain leverage in the banking system and maintenance of adequate equity on a consolidated and non-consolidated basis against leverage risks (including measurement error in the risk-based capital measurement approach), and (c) in order to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30 calendar day period, the BRSA has published a draft regulation on liquidity coverage ratio. The new regulations and these draft regulations imply possible implementation of Basel III by as early as the beginning of 2014.



## RECENT DEVELOPMENTS

The following new section is hereby inserted into the Original Base Prospectus immediately following the section entitled “*The Group and its Business*”:

### RECENT DEVELOPMENTS

#### *New Credit Card and Provisioning Regulations*

In August 2013 the BRSA published a draft of proposed new measures to restrain credit card usage. The proposed rules would: (a) include overdrafts on deposit accounts and loans on credit cards in the category of consumer loans for purposes of provisioning requirements, (b) set a limit for credit cards issued to consumers with an income of TL 1,000 a month or less, (c) require credit card issuers to monitor cardholders’ income levels regularly, (d) increase the risk weight for installment payments of credit cards with a term: (i) between one and six months from 75% to 100%, (ii) between six and twelve months from 150% to 200% and (iii) greater than 12 months from 200% to 250% and (e) increase the minimum monthly payment required to be made by cardholders. While (if adopted) the effective date and final nature of these new regulations are not known, any such changes would likely result in slowing the growth and/or reducing the profitability of the Bank’s credit card business.

In addition, in August 2013 the BRSA proposed reducing the general provision requirements for export loans to 0% from 1% and for SME loans to 0.5% from 1%.

With these actions, the BRSA is seeking to improve the country’s balance of trade by promoting export-related loans and reducing domestic consumption.

#### *New Approvals for Note Issues*

Further to Communiqué No. II-31.1 on Debt Instruments dated 7 June 2013 (the **Communiqué on Debt Instruments**), Notes issued under the Programme are required to be issued in an electronically registered form in the Central Registry Agency (*Merkezi Kayıt Kuruluşu*) (the **CRA**) and the interests therein recorded in the CRA; *however*, upon the Issuer’s request, the CMB may resolve to exempt the Notes from this requirement if the Notes are to be issued outside of Turkey. Through its letter to the CMB dated 6 August 2013 numbered 988/13/41, the Bank made an enquiry with respect to whether the requirement for an issuance in electronically registered form is applicable to issuances made under issuance certificates (*ihraç belgesi*) approved by the CMB before the Communiqué on Debt Instruments came into force. In its letter to the Bank dated 13 August 2013 numbered 29833736-105.03.01-2497, the CMB informed the Bank that since the CMB Approval was obtained before the Communiqué on Debt Instruments came into force, the Bank’s issuance under the CMB Approval were not subject to such requirement. As a result, this requirement will not be applicable to the Notes issued under the Programme during the pendency of the CMB Approval. Notwithstanding such exemption, the Issuer is required to notify the CRA within three Turkish business days from the Issue Date of a Tranche of Notes of the amount, issue date, ISIN code (if applicable), first payment date, maturity date, interest rate, name of the custodian and currency of the Notes and the country of issuance.

#### *Recent Changes in the Bank’s Articles of Association*

In order to comply with the new Capital Market Law, the Turkish Commercial Code and the Corporate Governance Communiqué published by the CMB, the Bank’s Articles of Association were amended during the ordinary general assembly meeting held on 30 April 2013. One of the amendments to the Bank’s Articles of Association is the addition of a new provision regarding the appointment of independent board members. Accordingly, at such ordinary general assembly meeting: (a) one independent board member who meets the mandatory qualification required for board members as set out under the Corporate Governance Communiqué was appointed and (b) the two current members of the audit committee were identified as additional independent board members according to the relevant legislation.

As a result of the appointment of the new independent board member, the meeting and decision quorums of the Bank's board of directors were increased from at least 6 board members to at least 7 board members.

In addition, these amendments to the Bank's Articles of Association added a new provision regarding the attendance of shareholders at the general assembly meetings by electronic means. Pursuant to the relevant legislation, publicly traded companies are now required to hold their general assembly meetings via an electronic system approved by the CRA, and the revised Articles of Association now provide for this method of attendance.