FIRST SUPPLEMENT dated 29 May 2018 to the Base Prospectus dated 26 April 2018

QNB FİNANSBANK A.Ş.
US$5,000,000,000
Global Medium Term Note Programme

This supplement (this "*Supplement*") is supplemental to, and must be read in conjunction with, the Base Prospectus dated 26 April 2018 (the "*Base Prospectus*") prepared by QNB Finansbank A.Ş. (the "*Issuer*" or the "*Bank*") 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 Supplement has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC as amended (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 in connection with the Issuer. As a result, certain modifications to the Base Prospectus are hereby being made.

A copy of each of: (a) the consolidated BRSA financial statements of the Group as of and for the three month period ended 31 March 2018 (including any notes thereto and the independent auditor's report thereon, the "*Group's New BRSA Financial Statements*") and (b) the unconsolidated BRSA financial statements of the Issuer as of and for the three month period ended 31 March 2018 (including any notes thereto and the independent auditor's report thereon) (with the Group's New BRSA Financial Statements, the "*New Financial Statements*") has been filed with the Central Bank of Ireland and the Irish Stock Exchange plc trading as Euronext Dublin and, by means of this Supplement, is incorporated by reference into, and forms part of, the Base Prospectus. Copies of each of the New Financial Statements can be obtained without charge from the registered office of the Issuer and from the Issuer's website at: http://www.qnbfinansbank.com/en/investor-relations/financial-information/Default.aspx (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 Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) ("*Ernst & Young*") and Ernst & Young'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 (or in the New Financial Statements incorporated by reference into the Base Prospectus by means of this Supplement) 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 31 March 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 Arranger 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 second to last sentence of the eighth paragraph of the risk factor titled "*Risks Related to Turkey - Political Developments*" is hereby deleted in its 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 early 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 29 May 2018, the final outcome in relation to 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 last sentence of the fourth paragraph of the risk factor titled "*Risks Relating to Turkey - High Current Account Deficit*" on page 18 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 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 25 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 March 2018 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. Turkey's government seeks to lower interest rates, with President Erdoğan recently indicating that he intends to take more responsibility for monetary policy if he is elected as the President in the presidential elections to be held on 24 June 2018, which has created uncertainty regarding the independence of the Central Bank. See "Risks Related to Turkey - Interest Rate Risk" and "Risks Related 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 Related to Turkey - High Current Account Deficit" and "Risks Related to Turkey - Inflation Risk."

RECENT DEVELOPMENTS

The following section titled "*Recent Developments*" is hereby included in the Base Prospectus immediately after the section titled "*Business of the Group*" starting on page 107 of the Base Prospectus:

RECENT DEVELOPMENTS

On 25 April 2018, the Bank acquired shares representing 49% of the paid-in capital of the Bank's subsidiary eFinans (*i.e.*, Efinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.) from Sibertek Danışmanlık Eğitim ve Yatırım A.Ş. The Bank paid TL 20,000,000 for 2,940,000 shares (corresponding to TL 6.80 per share) on 25 April 2018. As of such date, the Bank held all of the shares of eFinans.

On 1 May 2018, S&P downgraded the sovereign rating of Turkey to "BB-" (with a stable outlook) from "BB" (with a negative outlook).

In line with the Turkish banking sector, the Bank started to apply TFRS 9 (Financial Instruments) published by the Public Oversight, Accounting and Auditing Standards Authority starting from 1 January 2018. In accordance with the transition rules of TFRS 9, the Bank chose to not restate the prior periods' financial statements but instead recognised the TFRS 9 transition effect as of 1 January 2018 under the "prior year profit or loss" accounts of the Bank's equity. Accordingly, as of 1 January 2018, the Bank's equity decreased by TL 121,200 thousand due to the TFRS 9 transition. As part of these accounting changes, the following amounts have been classified under "Extraordinary Reserves" in shareholders' equity and have been reflected in the opening balance sheet as of 1 January 2018: (a) the TL 651,560 thousand difference between the Bank's provision for impairment of the previous period and the provision for loss that is measured in accordance with TFRS 9 impairment model, (b) deferred tax assets of TL 463,325 thousand and (c) a corporate tax charge of TL 46,444 thousand.

With the adoption of TFRS 9, the Bank's securities that were classified at fair value through other comprehensive income before 1 January 2018 are now classified at their amortised cost (TL 1,675,150 thousand as of 1 January 2018). The after tax re-measurement differences (net) of these securities of the Bank amounted to TL 79,837 thousand and the expected loss reserve of these securities amounted to TL 8,677 thousand as of the same date and were classified under Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value Through Other Comprehensive Income. The reconciliation of financial assets as per TFRS 9 is set forth below:

	Book Value Before TFRS 9 31 December 2017	Reclassifications	Re-measures	TFRS 9 Book Value 1 January 2018	Tax Effect	Equity Effect
Financial Assets:			(*TL thousands*)			
Measured at amortised cost						
Pre-classification balance (held to maturity)	7,168,664	-	-	-	-	-
Classified from Measured at Fair Value through Other Comprehensive Income	-	1,720,595	99,484	-	(21,886)	77,597
Classified as Measured at Fair Value through Other Comprehensive Income	-	(42,573)	-	-	-	-
Post-classification book value	-	-	-	8,946,170	-	-
Measured at Fair Value through Other Comprehensive Income						
Pre-classification balance (available to sale)	8,349,710	-	-	-	-	-
Classified as held-to-maturity	-	42,573	2,872	-	(632)	2,240
Classified to held-to-maturity	-	(1,720,595)	-	-	-	-
Post-classification book value	-	-	-	6,674,560	-	-
Expected loss provision	-	-	11,124	-	(2,447)	8,677
Loans and Other Receivables Measured at Amortised Cost (Gross)						
Pre-classification value measured at Amortised Cost	85,202,301	-	-	-	-	-
Financial Assets Measured at Fair Value through Profit/Loss	10,579	-	-	-	-	-
Classified to Measured at Amortised Cost	-	10,579	-	-	-	-
Classified from Measured at Fair Value through Profit/Loss	-	(10,579)	-	-	-	-
Post-classification value measured at Amortised cost	-	-	-	86,212,880	-	-
Post-classification value Measured at Fair Value through Profit/Loss	-	-	-	-	-	-
Expected loss provision[1]	(5,101,253)	-	(651,560)	(5,752,814)	441,847	(209,714)

(1) Includes amounts related to loans and receivables, other receivables and off-balance sheet financial assets.

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 22 May 2018, Fitch announced that Turkey's sovereign credit rating could come under pressure if the Central Bank's independence is curtailed after the elections to be held on 24 June 2018.

As of 29 May 2018, Intercontinental Exchange Benchmark Administration Limited, the Benchmark Administrator for LIBOR, appears on the Register of Administrators.

MANAGEMENT

The section titled "*Executive Vice Presidents, Heads of Divisions and Coordinators - Executive Vice Presidents*" starting on page 147 of the Base Prospectus is hereby amended by the deletion of the information regarding Ms. Emel Yılmaz Özbay and the following section is hereby included at the end of such section:

Recent Developments

On 25 April 2018, Ms. Emel Yılmaz Özbay, the then Executive Vice President responsible for Legal Affairs, resigned from her position.