FOURTH SUPPLEMENT dated 26 March 2018 to the Base Prospectus dated 27 April 2017

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 27 April 2017 (the "*Original Base Prospectus*" and, as supplemented on 8 May 2017, 16 August 2017 and 3 November 2017, 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 (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 disclaimers/legends in relation to Directive 2014/65/EU, as amended, and certain recent events in connection with the Issuer. As a result, certain modifications to the Base Prospectus are hereby being made.

A copy of each of: (a) the consolidated BRSA financial statements of the Group as of and for the year ended 31 December 2017 (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 year ended 31 December 2017 (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 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 audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) ("*Ernst & Young*"). The independent auditor's reports included in the New Financial Statements include a qualified conclusion due to the reversal of general reserves as of 31 December 2016, which reserves were provided for possible results of the circumstances that may arise from possible changes in the economy and market conditions in prior periods (see "*Risk Factors – Risks related to the Group's Business – Audit Qualification*" in the Base Prospectus).

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) and in the previous supplements 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 31 December 2017 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:

DISCLAIMER/LEGENDS

The section titled "*MiFID II Product Governance / Target Market*" is hereby added following the legend titled "*Important – EEA Retail Investors*" starting on page ii of the Original Base Prospectus:

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" that will outline the target market assessment in respect of such Notes and which channels for distribution of such Notes (or beneficial interests therein) are appropriate. In those cases, any person subsequently offering, selling or recommending such Notes (or beneficial interests therein) (a "*distributor*") should take into consideration the target market assessment; *however*, a distributor subject to MiFID II will remain responsible for undertaking its own target market assessment in respect of such Notes (or beneficial interests therein) (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "*MiFID Product Governance Rules*"), any Dealer subscribing for any Notes (or beneficial interests therein) is a manufacturer in respect of such Notes (or beneficial interests therein), but otherwise none of the Arranger, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

RISK FACTORS

The first paragraph of the section titled "*Risks Relating to the Group and its Business – Counterparty Credit Risk*" on page 12 of the Original Base Prospectus is hereby amended by the addition of the following at the end thereof:

In addition to debtor-specific credit events, should any large debtor to the Turkish financial system experience financial difficulties, as has been the case recently, then that might have a negative impact on the Group, including indirectly through having a negative impact on the Turkish banking sector.

The eighth paragraph under the risk factor titled "*Risks related to the Group's Business - Banking Regulatory Matters*" starting on page 22 of the Original Base Prospectus (*i.e.*, the fourth full paragraph on page 23 of the Original Base Prospectus) is hereby deleted in its entirety and replaced by the following:

In June 2016, the BRSA published the Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside (as amended from time to time, the "*Classification of Loans and Provisions Regulation*") (which replaced the former "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside" (the "*Regulation on Provisions and Classification of Loans and Receivables*") and entered into effect as of 1 January 2018) in order to ensure compliance with the requirements of IFRS and the Financial Sector Assessment Programme, which is a joint programme of the International Monetary Fund and the World Bank. This regulation requires banks to adopt IFRS 9 principles (unless an exemption is granted by the BRSA) related to the assessment of credit risk and to set aside general and specific provisions in line with such principles. See "*Turkish Regulatory Environment – Loan Loss Reserves*." As of 26 March 2018, the Bank's management has been evaluating how the implementation of the IFRS 9 principles will impact the classification of financial instruments and, considering its prior period financial statements, the Bank's management expects only a limited adverse effect on the Bank's equity (*i.e.*, if the Bank had implemented the IFRS 9 principles as of 31 December 2017, then the impact would have resulted in a decline of between 1% and 2% in the Bank's equity as of such date). On 14 March 2018, amendments to the 2013 Equity Regulation and the 2015 Capital Adequacy Regulation were published in the Official Gazette, which amendments allow banks to amortise the TFRS 9 transition effects over five years starting as of 1 January 2018. As such, the Bank's management expects that the impact on the Bank's equity (and thus to the capital adequacy ratios of the Group) caused by the transition to TFRS 9 principles will be insignificant. According to the amendments to the 2013 Equity Regulation and the 2015 Capital Adequacy Regulation, as of 1 January 2020, general provisions will no longer be allowed to be included in the supplementary capital (*i.e.*, Tier 2 capital) of Turkish banks and will be deducted from their risk-weighted assets. The Bank's management expects these amendments to have a negative impact on the capital base, risk-weighted assets and capital adequacy ratios of the Turkish banking sector, including the Group, and additional capital might be needed. The Bank has estimated that, if such rule had been applicable as of 31 December 2017, the decrease in the Bank's capital adequacy ratios would have been approximately 90 basis points. The Bank's management is analysing whether, if market conditions are attractive, to issue additional Tier 2 debt or convert existing Basel II-compliant Tier 2 debt held by QNB into Basel III-compliant debt, either of

which might increase the capital ratios of the Bank by 200 basis points; *however*, no decisions have been made and such might not occur.

The fourth sentence of the second to last paragraph of the section titled "*Risks related to Turkey - Political Developments*" starting on page 30 of the Original Base Prospectus, as amended by the supplement dated 3 November 2017, 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. who in early January 2018 was found guilty 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 26 March 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 on Türkiye Halk Bankası A.Ş. or any other Turkish bank or person in connection with those matters, as well as the possible reaction of the Turkish government or the financial markets to any such events, or speculation regarding such events, is unknown. On 20 January 2018, Turkish officials announced that the Turkish military had started an operation in the Afrin area of Syria targeting organisations that Turkey believes to be terrorist organisations such as the YPG (the People's Protection Units), which has been aligned with the United States in the fight against ISIS. Any impact of such operation, including on Turkey's relationship with the United States, is unknown. Any similar events in the future might result in (or contribute to) a deterioration of the relationship between Turkey and the EU and/or the United States and might have a negative impact on the Turkish economy.

The last paragraph of the section titled "*Risks related to Turkey - Political Developments*" starting on page 29 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

In addition, certain regulatory actions, investigations, allegations of past or current wrongdoing and similar actions (including the above-described conviction of an executive of Türkiye Halk Bankası A.Ş.) might increase perceptions of political conflict or instability. Actual or perceived political instability in Turkey and/or other political circumstances (and related actions, rumours and/or uncertainties) might have a material adverse effect on the Group's business, financial condition and/or results of operations and/or on the market price of the Notes.

APPLICABLE FINAL TERMS

The following square bracketed new legend titled "*MiFID II Product Governance / Eligible Counterparties and Professional Clients Only Target Market*" (and related footnote) is hereby added following the legend titled "*Prohibition of Sales to EEA Retail Investors*" on page 50 of the Original Base Prospectus:

[MiFID II Product Governance / Eligible Counterparties and Professional Clients Only Target Market

Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (a) the target market for the Notes [(and beneficial interests therein)] is eligible counterparties and professional clients only, each as defined in MiFID II, and (b) all channels for distribution of the Notes [(and beneficial interests therein)] to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes [(or beneficial interests therein)] (a "*distributor*") should take into consideration the manufacturer[s'/s'] target market assessment; *however*, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes [(or beneficial interests therein)] (by either adopting or refining the manufacturer[s'/s'] target market assessment) and determining appropriate distribution channels.][3]

[3] Delete where none of the Managers/Dealers are MiFID II investment firms that are manufacturers pursuant to MiFID II for the purposes of the offering of the relevant series of Notes, or revise where the relevant manufacturers have determined that an alternative target market is appropriate for the offering of the relevant series of Notes (or beneficial interests therein). If this paragraph is included but the paragraph regarding the PRIIPS Regulation is not included, then include the definition of MiFID II in this paragraph.

RECENT DEVELOPMENTS

The section titled "*Recent Developments*" included in the Base Prospectus (by way of the supplement thereto dated 16 August 2017 and as amended by the supplement dated 3 November 2017) immediately after the section titled "*Business of the Group*" is hereby amended by the addition of the following at the end thereof:

On 5 December 2017, a law amending tax laws was published in the Official Gazette and increased the corporate tax rate for all corporations (including the Bank) to 22% from 20% for three years starting from 2018.

On 18 January 2018, the Turkish government approved the extension of the state of emergency for a period of three months starting from 19 January 2018.

As of 19 January 2018, the Bank's commercial title changed from "Finansbank Anonim Şirketi" to "QNB Finansbank Anonim Şirketi" following the resolution of the Bank's shareholders in the Extraordinary General Assembly of the Bank held on 17 January 2018. All references to the previous name in this Base Prospectus (including in the definition of the "Bank" and the "Issuer") and the documents for the Programme shall be considered to be updated accordingly.

On 25 January 2018, amendments to Decree 32 and the communiqué regarding Decree 32 were published in the Official Gazette. These amendments (entering into force on 2 May 2018) provide that: (a)(i) Turkish individuals cannot utilise foreign currency loans and (ii) Turkish individuals and Turkish legal entities cannot utilise foreign currency-indexed loans, (b) Turkish legal entities with no foreign currency earnings cannot utilise foreign currency loans from Turkey or abroad except for certain exceptions set forth in Decree 32 (as amended), which exceptions include: (i) the foreign currency loans utilised by Turkish legal entities that have an outstanding foreign currency loan balance of US$15 million or more at the time of the utilisation and (ii) the foreign currency loans utilised by financial leasing companies, factoring companies and financing companies located in Turkey, banks and governmental institutions, (c) Turkish legal entities with foreign currency earnings in Turkey are allowed to utilise foreign currency loans from Turkey or abroad provided that if the outstanding foreign currency loan balance of such entity is under US$15 million at the time of utilisation, then the sum of the loan amount to be utilised and the existing outstanding foreign currency loan exposure cannot exceed the total of such entity's foreign currency income for the last three financial years, and (d) Turkish legal entities with an outstanding cash loan balance of less than US$15 million are not allowed to refinance their foreign currency loans if they do not qualify for the exceptions set forth in Decree 32 (as amended). These amendments were enacted in order to try to reduce Turkish inflation and the volatility of the Turkish Lira. As there were already restrictions on foreign currency lending to individuals and as these new restrictions on lending to legal entities include various exceptions that will apply to most of the Bank's foreign currency lending in Turkey, the Bank's management does not believe that this will have a material impact on its business or results of operations.

On 30 January 2018, the Central Bank increased its consumer price inflation forecast from 7.0% to 7.9% for 2018 and from 6.0% to 6.5% for 2019, which increases were primarily driven by the upward revisions in the assumptions for TL-denominated import prices.

Any monetary policy tightening of the U.S. Federal Reserve, the Bank of Japan and/or the ECB, particularly if it is more accelerated than expected, might have an adverse impact on Turkey, including on Turkey's external financing needs, and might reduce the availability of and/or increase the cost of funding to the Turkish banking sector.

Following the downgrade of the sovereign rating of Turkey to "Ba2" (with a stable outlook) from "Ba1" (under review for downgrade), on 9 March 2018, Moody's: (a) downgraded: (i) the long-term local currency deposit rating of the Bank to "Ba2" (with a stable outlook) from "Ba1" (with a negative outlook) and (ii) the long-term foreign currency deposit rating of the Bank to "Ba3" (with a stable outlook) from "Ba2" (with a negative outlook) and (b) affirmed: (i) the Baseline Credit Assessment (BCA) of the Bank at "ba3" and (ii) the adjusted Baseline Credit Assessment (BCA) at ba1. Thus, as of 9 March 2018, the Bank's ratings from Moody's are as follows:

	Moody's
Long-term foreign currency deposit	Ba3
Short-term foreign currency deposit	NP
Long-term local currency deposit	Ba2
Short-term local currency deposit	NP
Long-term national rating	—
Support	—
Viability/Baseline Credit Assessment	ba3
Outlook	Stable

All references in the Base Prospectus to the expected initial ratings by Moody's of long-term issuances of Notes under the Programme are hereby amended to "(P)Ba2."

TURKISH REGULATORY ENVIRONMENT

The following language is hereby included after the first paragraph of the section titled "*Loan Loss Reserves*" on page 165 of the Original Base Prospectus:

The Classification of Loans and Provisions Regulation entered into force as of 1 January 2018 and replaced the Regulation on Provisions and Classification of Loans and Receivables. Note that group classification and provisions levels

for periods before and after 1 January 2018 will not be directly comparable. Pursuant to the Classification of Loans and Provisions Regulation, banks are required to classify their loans and receivables into one of the following groups:

(a) *Group I: Loans of a Standard Nature:* This group involves each loan (which, for purposes of the Classification of Loans and Provisions Regulation, includes other receivables; and shall be understood as such elsewhere in this Base Prospectus):

  (i) that has been disbursed to financially creditworthy natural persons and legal entities,

  (ii) the principal and interest payments of which have been structured according to the solvency and cash flow of the debtor,

  (iii) repayments of which have been made within due dates or have not been overdue for more than 30 days, for which no reimbursement problems are expected in the future, and that have the ability to be collected in full without recourse to any security,

  (iv) for which no weakening of the creditworthiness of the applicable debtor has been found, and

  (v) to which 12 month expected credit loss reserve applies under IFRS 9.

(b) *Group II: Loans Under Close Monitoring*: This group involves each loan:

  (i) that has been extended to financially creditworthy natural and legal persons and where negative changes in the debtor's solvency or cash flow have been observed or predicted due to adverse events in macroeconomic conditions or in the sector in which the debtor operates, or other adverse events solely related to the respective debtor,

  (ii) that needs to be closely monitored due to reasons such as significant financial risk carried by the debtor at the time of the utilisation of the loan,

  (iii) in connection with which problems are likely to occur as to principal and interest payments under the conditions of the loan agreement, and where such problems (in case not resolved) might result in non-payment risk before recourse to any security,

  (iv) although the credit standing of the debtor has not weakened in comparison with its credit standing on the day the loan is granted, there is likelihood of such weakening due to the debtor's irregular and unmanageable cash flow,

  (v) the collection of principal and/or interest payments of which are overdue for more than 30 but less than 90 days following any payment due date (including the maturity date) for reasons that cannot be interpreted as a weakening in credit standing,

  (vi) in connection with which the credit risk of the debtor has notably increased pursuant to IFRS 9,

  (vii) repayments of which are fully dependent upon security and the net realisable value of such security falls under the receivable amount,

  (viii) that has been subject to restructuring when monitored under Group I or Group II without being subject to classification as an NPL, or

  (ix) that has been subject to restructuring while being monitored as an NPL and classified as a performing loan upon satisfaction of the relevant conditions stated in the regulation.

(c) *Group III: Loans with Limited Recovery*: This group involves each loan:

  (i) in connection with which the debtor's creditworthiness has weakened,

  (ii) that demonstrates limited possibility for the collection of the full amount due to the insufficiency of net realisable value of the security or the debtor's resources to meet the collection of the full amount on the due date without any recourse to the security, and that would likely result in losses in case such problems are not resolved,

(iii) collection of the principal and/or interest of which has/have been delayed for more than 90 days but not more than 180 days from the payment due date,

(iv) in connection with which the bank is of the opinion that collection by the bank of the principal or interest of the loan or both will be delayed for more than 90 days from the payment due date owing to reasons such as the debtor's difficulties in financing working capital or in creating additional liquidity as a result of adverse events in macroeconomic conditions or in the sector in which the debtor operates or other adverse events solely related to the debtor, or

(v) that has been classified as a performing loan after restructuring but principal and/or interest payments of which have been overdue for more than 30 days within one year of restructuring or have been subject to another restructuring within a year of a previous restructuring.

(d) *Group IV: Loans with Improbable Recovery:* This group involves each loan:

(i) principal and/or interest payments of which will probably not be repaid in full under the terms of the loan agreement without recourse to any security,

(ii) in connection with which the debtor's creditworthiness has significantly deteriorated, but which loan is not considered as an actual loss due to expected factors such as merger, the possibility of finding new financing or a capital increase to enhance the debtor's credit standing or the possibility of the credit being collected,

(iii) the collection of principal and/or interest payments of which has been overdue for more than 180 days but less than one year following any payment due date (including the maturity date), or

(iv) the collection of principal and/or interest payments of which is expected to be overdue for more than 180 days following any payment due date (including the maturity date) as a result of adverse events in macroeconomic conditions or in the sector in which the debtor operates or adverse events solely related to the debtor.

(e) *Group V: Loans Considered as Losses*: This group involves each loan:

(i) for which, as a result of the complete loss of the debtor's creditworthiness, no collection is expected or only a negligible part of the total receivable amount is expected to be collected,

(ii) although having the characteristics stated in Groups III and IV, the collection of the total receivable amount of which, albeit due and payable, is unlikely within a period exceeding one year, or

(iii) the collection of principal and/or interest payments of which has been overdue for more than one year following any payment due date.

Pursuant to the Classification of Loans and Provisions Regulation, the following loans are classified as NPLs: (a) loans that are classified under Groups III, IV and V, (b) loans the debtors of which are deemed to have defaulted pursuant to the Communiqué on the Calculation of Principal Subject to Credit Risk by Internal-Ratings Based Approaches (published in the Official Gazette dated 23 October 2015 and numbered 29511) or (c) loans to which, as a result of debtor's default, the lifetime expected credit loss reserve applies under IFRS 9. Financial guarantees are also classified as NPLs on the basis of their nominal amounts in case where: (i) a risk of a compensation claim by the creditor has occurred or (ii) the debt assumed under the relevant financial guarantee falls within the scope of any of the circumstances stated in clause (a), (b) or (c). If several loans have been extended to a debtor by the same bank and any of these loans is classified as an NPL, then all other loans extended to such debtor by such bank shall also be classified as NPLs; *however*, for consumer loans, even if any of these loans is classified as an NPL, other consumer loans granted to the same debtor may be classified in the respective applicable group other than Group I.

The Classification of Loans and Provisions Regulation includes detailed rules and criteria in relation to concepts of the "reclassification" and "restructuring" of loans. As for the reclassification of loans, banks are required to evaluate such loans with a view to whether such loans are to be reclassified under different groups, which evaluation is to be made at least once during each three-month financial statement term or (irrespective of this period) upon the occurrence of developments in macroeconomic circumstances or the sector in which the respective debtor operates that pose risk on such debtor's performance of its obligations. Such evaluation shall be conducted independently from the credit and risk analysis made at the time of the extension of the loan.

The reclassification of NPLs as performing loans is subject to the following conditions: (a) all overdue repayments that have caused the relevant loan to be classified as NPL have been collected in full without any recourse to any security, (b) as of the date of the reclassification, there has not been any overdue repayment and the last two repayments preceding such date (except the repayments mentioned in clause (a)) have been realised in full by their due date, and (c) conditions for such loans to be classified under Group I or II have been fulfilled. Furthermore, loans that have been fully or partially excluded from the assets of the banks, security for which has been enforced to satisfy the debt or repayment of which has been made in kind, cannot be classified as a performing loan.

The restructuring of a loan is defined as privileges granted to a debtor who faces or would probably face financial difficulties in relation to the repayment of the loan, which privileges would not be granted to other debtors not facing such repayment difficulties. These privileges consist of: (a) amendments to the conditions of the loan agreement or (b) partial or full refinancing of the loan. In this respect, an NPL may be reclassified as a restructured loan under Group II subject to the following conditions: (i) upon evaluation of the financial standing of the debtor, it has been determined that the conditions for the applicable loan to be classified as an NPL have disappeared, (ii) the loan has been monitored as an NPL at least for one year following restructuring, (iii) as of the date of reclassification as a Group II loan, there has not been any delay in principal and/or interest payments nor are there any expectation of any such delay in the future, and (iv) overdue payments and/or principal payments excluded from assets in relation to the restructured loan have been collected. Furthermore, such restructured NPL being reclassified as a performing Group II loan may be excluded from the scope of the restructuring if all the following conditions are met: (A) such loan has been monitored as a restructured loan under Group II at least for one year, (B) at least 10% of the outstanding debt amount has been repaid during such one year monitoring period, (C) there has not been any delay of more than 30 days in principal and/or interest payments of any loan extended to the applicable debtor during such monitoring period and (D) the financial difficulty that led to the restructuring of the loan no longer exists.

Pursuant to the Classification of Loans and Provisions Regulation, the general rule is that banks shall apply provisions for their loans pursuant to IFRS 9; *however*, the BRSA may, on exceptional basis, authorise a bank to apply the applicable provisions set forth in the Classification of Loans and Provisions Regulation instead of those required by IFRS 9, subject to the presence of detailed and acceptable grounds. With respect to the requirements under IFRS 9, "twelve-months expected credit loss reserve" and "lifetime expected credit loss reserve set aside due to significant increase in credit risk profile of the debtor" are considered as general provisions while "lifetime expected credit loss reserve set aside due to debtor's default" is considered as special provisions.

Banks that have been authorised not to apply provisions under IFRS 9 are required to determine their general and special provisions in accordance with Articles 10 and 11 of the Classification of Loans and Provisions Regulation. In this respect, such banks shall set aside general provisions for at least 1.5% and 3.0% of their total cash loans portfolio under Groups I and II, respectively. For non-cash loans, undertakings and derivatives, general provisions to be set aside shall be calculated by applying the foregoing percentages to the risk-weighted amounts determined pursuant to the 2015 Capital Adequacy Regulation. Subject to the presence of a written pledge or assignment agreement, loans secured with cash, deposit, participation funds and gold deposit accounts, bonds that are issued by the Turkish government and the Central Bank and guarantees and sureties provided by such are not subject to the general set aside calculation. Loans extended to the Turkish government and the Central Bank are not to be considered in such calculation. As to special provisions, banks are required to comply with provision rules for NPLs under Groups III, IV and V at 20%, 50%, and 100%, respectively.

For both general provisions and special provisions, banks are required to consider country risks and transfer risks. In addition, the BRSA may increase such provision requirements for certain banks or loans taking into account the concentration, from time to time, of matters such as the size, type, due date, currency, interest structure, sector to which loans are extended, geographic circumstances, security and the credit risk level and management.

As of 26 March 2018, the Bank's management has been evaluating how the implementation of the IFRS 9 principles will impact the classification of financial instruments. See "*Risk Factors - Risks related to the Group's Business - Banking Regulatory Matters*.""

The second sentence of the second paragraph of the section titled "*Loan Loss Reserves*" on page 165 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

Pursuant to the Regulation on Provisions and Classification of Loans and Receivables, which regulation has been replaced by the Classification of Loans and Provisions Regulation that entered into force as of 1 January 2018, banks were required to classify their loans and receivables into one of the following groups before 1 January 2018:

The first sentence of the tenth paragraph of the section titled "*Loan Loss Reserves*" starting on page 165 of the Original Base Prospectus (*i.e.*, the first sentence of the fifth paragraph on page 168 of the Original Base Prospectus) is hereby deleted in its entirety and replaced by the following:

Banks were required to monitor the following types of security based upon their classification before 1 January 2018:

The last paragraph of the section titled "*Loan Loss Reserves*" on page 170 of the Original Base Prospectus is hereby deleted in its entirety.

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*" on page 194 of the Original 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 Notes 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 that 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 similar restrictions under applicable state, local, other federal or non-U.S. law ("*Similar Law*").

An investment in the Notes by or on behalf of a Benefit Plan Investor could give rise to a prohibited transaction if the Bank, the Arranger, a Dealer, an Agent or any of their respective affiliates (the "*Transaction Parties*") 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 Notes 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 Notes, and prospective investors that are Benefit Plan Investors should consult with their legal advisors regarding the applicability of any such exemption.

The Transaction Parties may receive fees or other compensation or have other financial interests as a result of a Plan's acquisition of the Notes (or a beneficial interest therein). Accordingly, none of the Transaction Parties are undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any of the Notes (or a beneficial interest therein) by any Plan.

By acquiring a Note (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 Note (or a beneficial interest therein) will not be, acquiring or holding a Note (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 Note (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.

In addition, each purchaser and transferee of a Note (or a beneficial interest therein) that is a Benefit Plan Investor and any fiduciary purchasing a Note (or a beneficial interest therein) on behalf of a Benefit Plan Investor (the "*Plan Fiduciary*") is deemed to represent and warrant to the Transactions Parties by its acquisition of a Note (or a beneficial interest therein) that the decision to acquire such Note (or a beneficial interest therein) has been made by the Plan Fiduciary, and that the Plan Fiduciary is an "independent fiduciary with financial expertise" as described in 29 C.F.R. Sec. 2510.3-21(c)(1). Specifically, this requires the Benefit Plan Investor and the Plan Fiduciary to represent and warrant that:

(a) the Plan Fiduciary is independent of the Transaction Parties and the Plan Fiduciary either:

(i) is a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the "*Advisers Act*") or a similar institution that is regulated and supervised and subject to periodic examination by a U.S. state or U.S. federal agency,

(ii) is an insurance carrier that is qualified under the laws of more than one U.S. state to perform the services of managing, acquiring or disposing of assets of an "employee benefit plan" described in Section 3(3) of ERISA or any "plan" described in Section 4975(e)(1)(A) of the Code,

(iii) is an investment adviser registered under the Advisers Act or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the U.S. state in which it maintains its principal office and place of business,

(iv) is a broker-dealer registered under the Exchange Act, or

(v) holds, or has under its management or control, total assets of at least US$50 million (provided that this clause (v) shall not be satisfied if the Plan Fiduciary is either: (A) an individual directing his or her own individual retirement account or a relative of such individual or (B) a participant or beneficiary of such Benefit Plan Investor purchasing the Notes (or a beneficial interest therein) or a relative of such participant or beneficiary),

(b) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the Benefit Plan Investor of the Notes (or a beneficial interest therein),

(c) the Plan Fiduciary is a "fiduciary" with respect to the Benefit Plan Investor within the meaning of Section 3(21) of ERISA, Section 4975 of the Code or both, and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of the Notes (or a beneficial interest therein),

(d) none of the Transaction Parties' has exercised any authority to cause the Benefit Plan Investor to invest in the Notes or to negotiate the terms of the Benefit Plan Investor's investment in the Notes,

(e) the Plan Fiduciary has been informed by the Transaction Parties:

(i) that none of the Transaction Parties are undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and that no such entity has given investment advice or otherwise made a recommendation, in connection with the Benefit Plan Investor's acquisition of the Notes (or a beneficial interest therein), and

(ii) of the existence and nature of the Transaction Parties' financial interests in the Benefit Plan Investor's acquisition of the Notes (or a beneficial interest therein), as described in this Base Prospectus.

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

TRANSFER AND SELLING RESTRICTIONS

In clause (e) of the section titled "*Transfer Restrictions*" starting on page 197 of the Original Base Prospectus, each of: (a) the third paragraph of the legends for each Note issued pursuant to Rule 144A (*i.e.*, the second paragraph on page 198 of the Original Base Prospectus), (b) the third paragraph of the legends for each IAI Registered Note (*i.e.*, the last paragraph on page 199 of the

Original Base Prospectus) and (c) the second paragraph of the legends for each Regulation S Note (*i.e.*, the last full paragraph on page 200 of the Original Base Prospectus) is hereby deleted in its entirety and replaced by the following:

EACH PURCHASER AND TRANSFEREE (AND IF THE PURCHASER OR TRANSFEREE IS A PLAN, THEN ITS FIDUCIARY) OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER: (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT BE, ACQUIRING OR HOLDING ITS INVESTMENT HEREIN WITH THE ASSETS OF: (i) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("*ERISA*"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (ii) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "*CODE*"), (iii) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING (EACH OF (i), (ii) AND (iii) COLLECTIVELY REFERRED TO AS "BENEFIT PLAN INVESTORS") OR (iv) A PLAN OR OTHER ENTITY THAT IS SUBJECT TO ANY STATE, LOCAL, FEDERAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("*SIMILAR LAW*"), OR (b)(i) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW AND (ii) IF IT IS A BENEFIT PLAN INVESTOR, THEN: (A) THE DECISION TO ACQUIRE THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) HAS BEEN MADE BY A FIDUCIARY THAT IS AN "INDEPENDENT FIDUCIARY WITH FINANCIAL EXPERTISE" AS DESCRIBED IN 29 C.F.R. 2510.3-21(c)(1) (THE "*INDEPENDENT FIDUCIARY*"), (B) THE INDEPENDENT FIDUCIARY IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES, (C) THE INDEPENDENT FIDUCIARY IS RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE AND (D) NEITHER THE BENEFIT PLAN INVESTOR NOR THE INDEPENDENT FIDUCIARY IS PAYING OR HAS PAID ANY FEE OR OTHER COMPENSATION TO ANY OF THE BANK, AN ARRANGER, A DEALER OR AN AGENT FOR INVESTMENT ADVICE (AS OPPOSED TO OTHER SERVICES) IN CONNECTION WITH ITS ACQUISITION OR HOLDING OF THIS NOTE. IN ADDITION, EACH SUCH PURCHASER OR TRANSFEREE WILL BE REQUIRED OR DEEMED TO ACKNOWLEDGE AND AGREE THAT THE INDEPENDENT FIDUCIARY: (1) HAS BEEN INFORMED THAT NONE OF THE BANK, AN ARRANGER, A DEALER, AN AGENT, OR OTHER PERSONS THAT PROVIDE MARKETING SERVICES, NOR ANY OF THEIR AFFILIATES, HAS PROVIDED, AND NONE OF THEM WILL PROVIDE, IMPARTIAL INVESTMENT ADVICE AND THEY ARE NOT GIVING ANY ADVICE IN A FIDUCIARY CAPACITY, IN CONNECTION WITH THE PURCHASER OR TRANSFEREE'S ACQUISITION OR HOLDING OF THIS NOTE AND (2) HAS RECEIVED AND UNDERSTANDS THE DISCLOSURE OF THE EXISTENCE AND NATURE OF THE FINANCIAL INTERESTS CONTAINED IN THE BASE PROSPECTUS AND RELATED MATERIALS.

Clause (k) of the section titled "*Transfer Restrictions*" starting on page 201 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

(k) Each purchaser and transferee (and if the purchaser or transferee is a Plan, then its fiduciary) of a Note (or a beneficial interest therein) will be deemed to represent and warrant that either: (i) it is not and for so long as it holds the Note (or a beneficial interest therein) will not be (and will not be acting on behalf) of a Benefit Plan Investor or a Plan that is subject to any Similar Law, or (ii)(A) its acquisition, holding and disposition of such Note (or a beneficial interest therein) will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of Similar Law and (B) if it is a Benefit Plan Investor, then the decision to acquire such Note (or a beneficial interest therein) has been made by a fiduciary that is an "independent fiduciary with financial expertise" as described in 29 C.F.R. 2510.3-21(c)(1). See "Certain Considerations for ERISA and Other U.S. Employee Benefit Plans."

The following language is added after clause (k) of the section titled "*Transfer Restrictions*" starting on page 201 of the Original Base Prospectus and the current clauses (l) and (m) under such section are re-numbered as clauses (m) and (n), respectively:

(l) In addition, each Benefit Plan Investor who purchases the Notes (or a beneficial interest therein), including any Plan Fiduciary, will be deemed to represent, at any time when regulation 29 C.F.R. Section 2510.3-21, as modified, is applicable, that: (i) the decision to acquire such Note (or a beneficial interest therein) has been made by the Plan Fiduciary, and that the Plan Fiduciary either: (A) is a bank as defined in Section 202 of the Advisers Act, or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency, (B) is an insurance carrier that is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of an "employee benefit plan" described in Section 3(3) of ERISA or any "plan" described in Section 4975(e)(1)(A) of the Code, (C) is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the

Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business, (D) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended, or (E) has, and at all times that the Benefit Plan Investor is invested in such Notes (or a beneficial interest therein) will have, total assets of at least US$50,000,000 under its management or control (*provided that* this clause (E) shall not be satisfied if the Plan Fiduciary is either: (1) the owner or a relative of the owner of an investing individual retirement account or (2) a participant or beneficiary of the Benefit Plan Investor investing in such Notes (or a beneficial interest therein) in such capacity), (ii) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the Benefit Plan Investor of such Notes (or beneficial interests therein), (iii) the Plan Fiduciary is a "fiduciary" with respect to the Benefit Plan Investor within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of such Notes (or beneficial interests therein), (iv) none of the Transaction Parties has exercised any authority to cause the Benefit Plan Investor to invest in such Notes (or beneficial interests therein) or to negotiate the terms of the Benefit Plan Investor's investment in such Notes (or beneficial interests therein), (v) no fee or other compensation is being paid directly to any of the Transaction Parties by the Benefit Plan Investor or the Plan Fiduciary for investment advice (as opposed to other services) in connection with the Benefit Plan Investor's acquisition of such Notes (or beneficial interests therein), and (vi) the Plan Fiduciary has been informed by the Transaction Parties: (A) that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and that no such entity has given investment advice or otherwise made a recommendation, in connection with the Benefit Plan Investor's acquisition of such Notes (or beneficial interests therein) and (B) of the existence and nature of the Transaction Parties' financial interests in the Benefit Plan Investor's acquisition of such Notes (or beneficial interests therein).