

**SUPPLEMENT TO THE BASE PROSPECTUS DATED 20 DECEMBER 2017
THE DATE OF THIS SUPPLEMENT IS 9 July 2018**



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
U.S.\$1,400,000,000
Global Medium Term Note Programme**

This base prospectus supplement (“**Supplement**”) to the base prospectus dated 20 December 2017 (the “**Base Prospectus**”) constitutes a supplement to the Base Prospectus for the purposes of Article 16 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) (as implemented in the Republic of Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended) and is prepared in relation to the U.S.\$1,400,000,000 Global Medium Term Note Programme (the “**Programme**”) of Türkiye Sınai Kalkınma Bankası A.Ş. (the “**Bank**” or the “**Issuer**”).

This Supplement has been approved by the Central Bank of Ireland as a competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Supplement. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and all documents which are incorporated herein or therein by reference.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into this Supplement and (b) any statement in or incorporated by reference in the Base Prospectus, the statements referred to in (a) will prevail.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

This Supplement will be available on the website of the Central Bank of Ireland at www.centralbank.ie for a period of 12 months from the date of the Base Prospectus or may be obtained on written request and without charge from the registered office of the Issuer at Meclisi Mebusan Cad., No: 81 Fındıklı 34427, İstanbul, Turkey. In addition, copies of this Supplement and the documents incorporated by reference herein will also be available in electronic format on the Issuer’s website.

Purpose of this Supplement

The purpose of this Supplement is to:

- (i) update the information under the heading “Presentation of Financial Information” on page 9 in the section entitled “Presentation of Financial and Other Information” of the Base Prospectus;

- (ii) incorporate by reference into the Base Prospectus the Group's 2017 Consolidated Financial Statements, the Issuer's 2017 Unconsolidated Financial Statements, the Group's 2018 Q1 Consolidated Interim Financial Statements and the Issuer's 2018 Q1 Unconsolidated Interim Financial Statements (each as defined below);
- (iii) update the references to the ratings assigned by Fitch and Moody's to the Bank, and to the Notes issued under the Programme, as appearing in the Base Prospectus;
- (iv) insert a new heading entitled "Recent Developments" on page 192 under the heading "Credit Ratings" in the section entitled "Business of the Group" of the Base Prospectus;
- (v) update the information under the headings "Board of Directors", "Executive Committee" and "Board Committees" on pages 205, 209 and 211, respectively, in the section entitled "Management" of the Base Prospectus;
- (vi) update the information under the heading "Significant or Material Change" on page 272 in the section entitled "General Information" of the Base Prospectus to confirm that there has been (a) no significant change in the financial or trading position of either the Group or the Bank since 31 March 2018 and (b) no material adverse change in the financial position or prospects of either the Group or the Bank since 31 December 2017; and
- (vii) update the information under the heading "Independent Auditors" on page 272 in the section entitled "General Information" of the Base Prospectus.

Presentation of Financial Information

The 2017 Consolidated Financial Statements and the 2017 Unconsolidated Financial Statements have been prepared in accordance with BRSA Principles and have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) ("EY") in accordance with the Independent Auditing Standards which are part of the Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The 2018 Q1 Consolidated Interim Financial Statements and the 2018 Q1 Unconsolidated Interim Financial Statements have been prepared in accordance with BRSA Principles and have been reviewed by EY in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Documents incorporated by reference

By virtue of this Supplement:

- (i) the independent auditors' audit report and audited consolidated BRSA Financial Statements of the Group as of and for the year ended 31 December 2017 published on 30 January 2018 (the "**2017 Consolidated Financial Statements**") (www.tskb.com.tr/i/content/3118_1_tskb-kons.pdf);
- (ii) the independent auditors' audit report and audited unconsolidated BRSA Financial Statements of the Issuer as of and for the year ended 31 December 2017 published on 30 January 2018 (the "**2017 Unconsolidated Financial Statements**") (www.tskb.com.tr/i/content/3118_1_tskb-solo.pdf);
- (iii) the independent auditors' review report and consolidated unaudited financial statements of the Group as of and for the three month period ended 31 March 2018 published on 2 May 2018 (the "**2018 Q1 Consolidated Interim Financial Statements**") (http://www.tskb.com.tr/i/content/3483_1_tskb-kons-en.pdf); and
- (iv) the independent auditors' review report and unconsolidated unaudited financial statements of the Issuer as of and for the three month period ended 31 March 2018 published on 2 May 2018 (the

which have previously been published and have been filed with the Central Bank of Ireland, shall be incorporated in, and form part of, the Base Prospectus.

Credit Ratings

On each of 9 March 2018 and 7 June 2018, Moody’s downgraded and placed under review for further downgrade certain ratings of the Bank. The rows relating to the Moody’s ratings on page 192 of the Base Prospectus shall be replaced in their entirety with the following table:

Moody’s (7 June 2018)

Baseline Credit Assessment (BCA).....	b1
Outlook.....	Rating under Review
Foreign Currency (issuer)	
Long-Term Maturity.....	Ba3
Outlook.....	Rating under Review
Short-Term Maturity	NP
Domestic Currency (issuer)	
Long-Term Maturity.....	Ba3
Outlook.....	Rating under Review
Short-Term Maturity	NP

The Moody’s rating relating to long-term issuances of Notes under the Programme, as appearing on the cover page and page 57 of the Base Prospectus shall each be replaced with the rating “Ba3”.

On 1 June 2018, Fitch placed the Bank’s long-term foreign-currency issuer rating and its viability rating on rating watch negative. The rows relating to Fitch’s long-term maturity foreign-currency and viability ratings on page 192 of the Base Prospectus shall be replaced in their entirety with the following rows:

Fitch (4 October 2017)

Long-Term Maturity Foreign Currency (issuer).....	BB+ (Negative)
Viability Rating	bb (Negative)

Recent Developments

Turkish Economy

On 26 April 2018, the Monetary Policy Committee increased the late liquidity window lending rate by 75 basis points to 13.50 per cent. 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 per cent. from 55 per cent. According to the Central Bank’s guidance, this change was expected to remove TL 6.4 billion of liquidity from the Turkish banking system and release U.S.\$2.2 billion foreign exchange liquidity to the market in exchange. The Central Bank also increased the foreign exchange swap auction amount to U.S.\$1.5

billion from U.S.\$1.25 billion and increased the monthly non-deliverable forward auction amount from U.S.\$150 million to U.S.\$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 a further 300 basis points to 16.5 per cent., while keeping constant its one-week repo rate at 8.00 per cent., the upper limit of the interest rate corridor at 9.25 per cent. and its overnight borrowing rate at 7.25 per cent. The Central Bank announced that the simplification process regarding the operational framework of the monetary policy was completed as of 1 June 2018. Accordingly, the one-week repo rate was set at the then-current Central Bank's policy rate of 16.5 per cent., the Central Bank overnight borrowing and lending rates are to be determined at 150 basis points below/above the one-week repo rate and the Central Bank borrowing rate for late liquidity window operations would be 0 per cent. whereas the lending rate for these operations are to be determined by adding 150 basis points to the Central Bank's overnight lending rate. On 7 June 2018, the Central Bank's Monetary Policy Committee increased the late liquidity window lending rate to 20.75 per cent., the overnight lending rate to 19.25 per cent. and the one-week repo rate to 17.75 per cent.

Ratings

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

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 that were held on 24 June 2018.

Management

Board of Directors

As of 6 April 2018, Kamil Yılmaz has been removed from and Ahmet Hakan Ünal and Hüseyin Yalçın appointed to the Board of Directors of the Bank. As of 23 March 2018, Mithat Rende has been appointed as an Independent Board Member.

Hüseyin Yalçın (Board Member)

Hüseyin Yalçın holds a degree in Economics from the Faculty of Administrative Sciences at the Middle East Technical University. He served as an Inspector, Assistant Manager and Branch Manager at Ziraat Bank between 1977 and 1990. From 1990 to 2000, Mr. Yalçın served as a Deputy General Manager and General Manager Consultant at Development Bank of Turkey. After the transfer of banks to Savings Deposit Insurance Fund, he served as a Senior Deputy General Manager at Yurtbank, as a Deputy General Manager at Sümerbank, as a Deputy General Manager at Kent Portföy and as the General Manager Consultant at Toprakbank from 2000 until 2002. He was elected as a member of the Board of Directors at İşbank in 2011 and worked for 6 years in the same position. Hüseyin Yalçın was elected as a member of the Board of Directors at Milli Reasürans between 2017 and 2018. Mr. Yalçın has been a Board Member of the Bank since 6 April 2018.

Ahmet Hakan Ünal (Board Member)

Hakan Ünal was born in 1974 in Ankara and graduated from the Economics Department of the Faculty of Economics and Administrative Sciences, Hacettepe University in 1997. He then earned his MBA degree from the Institute of Social Sciences, Istanbul Bilgi University in 2007. Having started his professional career at Isbank as Assistant Inspector on the Board of Inspectors in 1998, he was appointed as Assistant Manager of Credit Information and Financial Analysis Division in 2008. Having served as Unit Manager between 2011 and 2016, he was promoted as Division Head of Financial Analysis Division. Mr. Ünal has been a Board Member of the Bank since 6 April 2018.

Executive Committee

As of 31 March 2018, Ufuk Bala Yücel retired from the Bank and no longer holds a position on the Executive Committee.

Corporate Governance Committee

As of 27 March 2018, Ebru Özşuca replaced Can Yücel on the Corporate Governance Committee.

Significant or Material Change

There has been (a) no significant change in the financial or trading position of either the Group or the Bank since 31 March 2018 and (b) no material adverse change in the financial position or prospects of either the Group or the Bank since 31 December 2017.

Any documents themselves incorporated by reference in the documents incorporated by reference do not (and shall not be deemed to) form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference.

Independent Auditors

The 2017 Consolidated Financial Statements and the 2017 Unconsolidated Financial Statements as of and for the year ended 31 December 2017 have been audited by EY in accordance with the “Regulation on Authorisation and Activities of Institutions to Perform Independent Audit at Banks” as published in the Official Gazette No. 26333 on 1 November 2006 and the Standards on Auditing which are a component of the Turkish Auditing Standards published by the POA.

The 2018 Q1 Consolidated Interim Financial Statements and the 2018 Q1 Unconsolidated Interim Financial Statements as of and for the three month period ended 31 March 2018 have been reviewed by EY in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.