

**SUPPLEMENT TO THE BASE PROSPECTUS DATED 20 DECEMBER 2017, AS
SUPPLEMENTED BY THE SUPPLEMENT DATED 9 JULY 2018
THE DATE OF THIS SUPPLEMENT IS 5 SEPTEMBER 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, as supplemented by the base prospectus supplement dated 9 July 2018 (as so supplemented, 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 2018 Q2 Consolidated Interim Financial Statements and the Issuer’s 2018 Q2 Unconsolidated Interim Financial Statements (each as defined below);
- (iii) update the Risk Factor entitled “Counterparty Credit Risk – The Group is subject to credit risk in relation to its borrowers and other counterparties” on page 16 in the section entitled “Risks Related to the Group’s Business” of the Base Prospectus;
- (iv) update the Risk Factors entitled “Political Developments – Political developments in Turkey might negatively affect the Group’s business, financial condition and/or results of operation” and “Exchange Rates – The value of the Turkish Lira fluctuates against other currencies” on page 34 and page 39, respectively, in the section entitled “Political, Economic and Legal Risks Related to Turkey” of the Base Prospectus;
- (v) update the ratings under the heading “Recent Developments” inserted at page 192 of the Base Prospectus by the base prospectus supplement dated 9 July 2018;
- (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 30 June 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 2018 Q2 Consolidated Interim Financial Statements and the 2018 Q2 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’ review report and consolidated unaudited financial statements of the Group as of and for the six months ended 30 June 2018 published on 27 July 2018 (the “**2018 Q2 Consolidated Interim Financial Statements**”) (http://www.tskb.com.tr/i/content/3483_1_TSKB%20KONS%20EN%2030.06.2018.pdf); and
- (ii) the independent auditors’ review report and unconsolidated unaudited financial statements of the Issuer as of and for the six months ended 30 June 2018 published on 27 July 2018 (the “**2018 Q2 Unconsolidated Interim Financial Statements**”) (http://www.tskb.com.tr/i/content/3483_1_TSKB%20SOLO%20EN%2030.06.2018.pdf),

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.

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.

Counterparty Credit Risk – The Group is subject to credit risk in relation to its borrowers and other counterparties

The following paragraph shall be inserted at the end of the Risk Factor:

“Some large corporate borrowers have entered into discussions with Turkish banks in connection with restructuring their loans, which are significant in principal amount. If a material volume of such loans and/or other loans becomes non-performing for a lengthy period then this might have a material adverse effect on the asset quality of Turkish banks, including the Group.”

Political Developments – Political developments in Turkey might negatively affect the Group’s business, financial condition and/or results of operation

The sixth paragraph of the Risk Factor shall be deleted and replaced in its entirety with the following:

“Under Article 120 of the Turkish Constitution, in the event of serious indications of widespread acts of violence aimed at the destruction of the free democratic order, a state of emergency may be declared in one or more regions of, or throughout, the country for a period not exceeding six months at a time. On 20 July 2016, the government declared a three-month state of emergency in the country, entitling the government to exercise additional powers. The Grand National Assembly of Turkey subsequently extended the state of emergency seven times. The latest extension, approved on 18 April 2018, expired on 18 July 2018. No further extension has been declared and the state of emergency has been lifted.”

In the eighth paragraph of the Risk Factor, the final three sentences shall be deleted and replaced in their entirety with the following:

“A general election (i.e. parliamentary elections) and a presidential election were scheduled to be held in Turkey in 2019, together with the local elections. However, on 20 April 2018, the Grand National Assembly of Turkey decided that the parliamentary and presidential elections were to be brought forward and a general election and a presidential election were held on 24 June 2018. President Erdoğan was subsequently re-elected in the presidential election with approximately 52.6 per cent. of the vote, followed by the main opposition candidate, Mr. Muharrem İnce, with approximately 30.7 per cent. of the vote. In the parliamentary elections, the People’s Alliance (an electoral alliance between the AKP and the Nationalist Movement Party (the “MHP”)) secured a majority with 344 seats out of 550 (with the AKP winning 295 seats and MHP winning 49 seats). Further, on 9 July 2018, President Erdoğan announced the new cabinet, including non-AKP members and Mr. Berat Albayrak as the new treasury and finance minister. Significant uncertainty remains regarding the economic agenda of the new government, the independence of the Central Bank, and whether reform plans will be accomplished, all of which could significantly impact investors’ perceptions of Turkey and its future growth. Local elections are scheduled to take place in March 2019.”

At the end of the eleventh paragraph of the Risk Factor, the following sentence shall be inserted:

“Furthermore, in August 2018, the United States imposed personal sanctions on two Turkish ministers due to the detention of Andrew Brunson, an American pastor working in Turkey, and also increased import taxes on Turkish steel and aluminium in response to the depreciation of the Turkish Lira.”

Exchange Rates – The value of the Turkish Lira fluctuates against other currencies

The following three paragraphs shall be inserted after the existing third paragraph of the Risk Factor:

“In the first half of 2018, the Turkish Lira depreciated against the U.S. Dollar by 21 per cent. The Turkish Lira depreciated by a further 51 per cent. from the end of June 2018 until, on 13 August 2018, the Central Bank and the BRSA announced measures to support the financial markets and prevent volatility in the currency market. In the two days following these announcements, the Turkish Lira appreciated by

approximately 11 per cent. but has continued to exhibit substantial volatility with continuing downward pressure.

The depreciation of the Turkish Lira against the U.S. Dollar by 51 per cent. from 29 June 2018 to 13 August 2018 was based on various factors, including: (i) the doubling of U.S. tariffs on steel and aluminium imports from Turkey, (ii) the tightening, and the potential of further tightening, of monetary policy in the United States and Europe, (iii) concerns over the external financing requirements of Turkish companies' foreign-currency denominated debt, (iv) concerns around the Central Bank's interest rate policy, particularly in relation to real interest rates, (v) the imposition of sanctions by OFAC over the detention of an American pastor, freezing the assets of the Turkish Minister of Justice and Interior Minister, and the possibility of further increases in political tension between the United States and Turkey, and (vi) investors' perception of the Turkish political and economic environment, especially with respect to the independence of Turkey's financial institutions, including the Central Bank.

The Turkish Lira and foreign-currency liquidity management measures announced by the Central Bank and on 13 August 2018 included increasing the foreign-exchange deposit limits of the Turkish banks (currently around U.S.\$50 billion), in order to ensure the financial stability and the efficiency of the financial markets. Furthermore, on 14 August 2018, the Central Bank introduced amendments to the Communiqué Regarding Reserve Requirements and lowered (i) the Turkish banks' Turkish Lira reserve requirement ratios by 250 basis points for all maturity brackets and all liabilities and (ii) the reserve requirement ratios by 400 basis points for up to 3-year maturities, and all non-core foreign-exchange liabilities. In addition, in the week commencing 13 August 2018, the Central Bank ceased funding at the one-week repo rate, instead adopting the overnight borrowing rate, at 150 basis points above the one-week repo rate, as the main lending rate, thereby setting the daily bank funding at 19.25 per cent. from 17 August 2018.

The measures taken by the BRSA included the prevention of Turkish banks from using foreign-exchange currency swaps, forwards and similar transactions with residents abroad under which the Turkish banks provide Turkish Lira at the start of the transaction, to the extent that such transactions exceed 25 per cent. of the relevant bank's regulatory capital, calculated daily on a standalone and consolidated basis."

Credit Ratings

On each of 28 August 2018 and 20 July 2018, each of Moody's and Fitch, respectively, downgraded certain ratings of the Bank. The table relating to the credit ratings on page 192 of the Base Prospectus shall be replaced in its entirety with the following:

Moody's (28 August 2018)

Baseline Credit Assessment (BCA)	b3
Outlook	Not on watch
Foreign Currency (issuer)	
Long-Term Maturity	B2
Outlook	Negative
Short-Term Maturity	NP
Domestic Currency (issuer)	
Long-Term Maturity	B2
Outlook	Negative
Short-Term Maturity	NP

Fitch (20 July 2018)	
Long-Term Maturity Foreign Currency (issuer).....	BB- (Negative)
Short-Term Maturity Foreign Currency (issuer).....	B
Long-Term Maturity National Currency (issuer).....	BB+ (Negative)
Short-Term Maturity National Currency (issuer).....	B
Support Note.....	3
National Support Note.....	BB-
National Note.....	AAA
National Note Outlook.....	Stable
Viability Rating	bb-

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 "B2".

The Fitch 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 "BB-".

Recent Developments

On 13 July 2018, Fitch downgraded the sovereign rating of Turkey to "BB" (with a negative outlook) from "BB+" (with a stable outlook). On 17 August 2018, Standard & Poor's Credit Market Services Europe Limited and Moody's downgraded the sovereign rating of Turkey to "B+" (with a stable outlook) from "BB-" (with a stable outlook) and to "Ba3" from "Ba2", respectively.

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 30 June 2018 and (b) no material adverse change in the financial position or prospects of either the Group or the Bank since 31 December 2017.

Independent Auditors

The 2018 Q2 Consolidated Interim Financial Statements and the 2018 Q2 Unconsolidated Interim Financial Statements as of and for the six months ended 30 June 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".