



**TÜRKİYE VAKIFLAR BANKASI T.A.O.**

**US\$7,000,000,000**

**Global Medium Term Note Program**

This supplement (this “*Supplement*”) is supplemental to, and must be read in conjunction with, the Base Prospectus dated April 17, 2015 (the “*Base Prospectus*”) prepared by Türkiye Vakıflar Bankası T.A.O. (the “*Issuer*” or the “*Bank*”) under the Issuer’s global medium term note program. Capitalized 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 European Union 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 updating the Base Prospectus in respect of 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 the consolidated BRSA financial statements of the Group and the unconsolidated BRSA financial statements of the Issuer as of and for the three month period ended March 31, 2015 (including any notes thereto, together the “*New Financial Statements*”) have been filed with the Central Bank of Ireland and, by means of this Supplement, are incorporated by reference into, and form part of, the Base Prospectus. Copies of the New Financial Statements can be obtained without charge from the registered office of the Issuer and from the Issuer’s website: (a) with respect to the consolidated New Financial Statements, at <http://www.vakifbank.com.tr/tas-consolidated.aspx?pageID=646>, and (b) with respect to the unconsolidated New Financial Statements, at <http://www.vakifbank.com.tr/tas-bank-only.aspx?pageID=644> (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, both of which are in English, were prepared as convenience translations of corresponding Turkish language BRSA financial statements (which translations the Issuer confirms are 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 Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers (“*PwC*”) and PwC’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. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. The financial information in the New Financial Statements is subject to any adjustments that may be necessary as a result of the audit process to be undertaken in respect of the full financial year.

In addition, this Supplement sets out in the attached pages a “Recent Developments” section relating to the New Financial Statements and additional information, which section shall, from the date hereof, form part of, and be deemed to be incorporated into, the Base Prospectus. Statements contained herein shall, to the extent applicable and whether expressly, by implication or otherwise, be deemed to modify or supersede statements set out in, or previously incorporated by reference into, the Base Prospectus. Where there is any inconsistency between the information contained in (or incorporated by reference into) the Base Prospectus and the information contained in (or incorporated by reference into) this Supplement, the information contained in (or incorporated by reference into) 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 and (b) significant change in the financial or trading position of either the Group or the Issuer since March 31, 2015.

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 this Supplement.

## RECENT DEVELOPMENTS

The following summary financial and operating data for the three month period ended March 31, 2014 and March 31, 2015 and balance sheet information as of December 31, 2014 and March 31, 2015 have been extracted from the New Financial Statements without material adjustment. This information should be read in conjunction with the New Financial Statements (including the notes thereto). Except to the extent stated otherwise, the financial data for the Group included herein are extracted from the consolidated New Financial Statements without material adjustment. Potential investors in the Notes should note that this section also includes certain financial information for the Bank only, which is extracted from the unconsolidated New Financial Statements without material adjustment. Such financial information is identified as being of “the Bank” in the description of the associated tables or information (rather than for the Group on a segmented basis).

The New Financial Statements are not directly comparable to the IFRS Financial Statement information provided in (or incorporated by reference into) the Base Prospectus, which is prepared in accordance with IFRS and on a different consolidation basis. For a description of some of the more significant accounting differences between Turkish GAAP and/or BRSA reporting standards and IFRS, see Appendix A to the Base Prospectus.

### *Net Income*

The Group’s net income for a period is calculated by reducing its operating income for such period by the amount of its operating expenses and taxation charge for such period. As set out in the table below, the Group’s net income decreased by 31.76% for the three month period ended March 31, 2015 from the same period of the previous year principally due to additional provisions that the Bank’s subsidiary, Güneş Insurance, has become required to set aside as a result of a recent communiqué from the Turkish Treasury that became effective as of January 1, 2015, which was offset in part by an increase in net interest income resulting from loan growth and relatively stable deposit costs and a significant growth rate for the Group’s net fee and commission income. The following table sets out the components of the Group’s net income during the first three months of each of the indicated years:

	For the three month period ended March 31,	
	2014	2015
	<i>(TL thousands)</i>	
Net interest income .....	1,100,191	1,294,700
Net fee and commission income .....	140,181	217,406
Other operating income .....	552,001	573,021
<b>Total operating income .....</b>	<b>1,792,373</b>	<b>2,085,127</b>
Impairment losses, net .....	(413,108)	(457,735)
Other operating expenses .....	(964,125)	(1,279,613)
<b>Total operating expenses .....</b>	<b>(1,377,233)</b>	<b>(1,737,348)</b>
Income/loss from equity accounted investments .....	8,368	8,733
<b>Income before tax .....</b>	<b>423,508</b>	<b>356,512</b>
Taxation charge .....	(80,894)	(122,698)
<b>Net income .....</b>	<b>342,614</b>	<b>233,814</b>
Attributable to equity holders of the Bank .....	338,216	333,385
Attributable to minority interests .....	4,398	(99,571)

### **Operating Income**

The Group’s operating income is comprised of its net interest income, net fee and commission income and other operating income. Each of these is described in greater detail below.

*Net Interest Income.* The Group’s net interest income is the difference between the interest income that it earns on its interest-earning assets and the interest expense that it pays on its interest-bearing liabilities, both of which are discussed in greater detail below. As set out in the table above, the Group’s net interest income for the three month period ended March 31, 2015 increased by 17.68% compared to the same period of the previous year, which increase was largely due to an increase in interest-earning assets as a result of strong loan growth.

In the first three months of 2015, economic conditions were volatile in many markets, including Turkey, as a result of several factors, including continued uncertainty regarding the timing and magnitude of interest rate increases by the U.S. Federal Reserve, uncertainty regarding Turkey’s political and macroeconomic conditions in anticipation of Turkey’s parliamentary elections held on June 7, 2015, continued violence in Ukraine, Iraq and Syria and renewed uncertainty

regarding Greece, all of which had a negative impact on economic growth in Turkey in the short-term and resulted in increased interest rates and depreciation of the Turkish Lira. In January 2014, to counter a significant depreciation of the Turkish Lira, the Central Bank significantly increased interest rates and, from that date until April 30, 2014, the Turkish Lira appreciated against the U.S. Dollar by 9.6%. Due to such improvement, on May 22, 2014, the Central Bank reduced its one-week repo rate by 50 basis points to 9.5% and, in the following months, further reduced the one-week repo rate from 9.5% on June 24, 2014 to 7.5% on February 25, 2015. In nominal terms, between May 22, 2014 and March 31, 2015, the Turkish Lira depreciated against the U.S. Dollar by 25.1%. According to the Central Bank, the CPI-based real effective exchange rate increased to 105.5 as of December 31, 2014, indicating a 4.5% real appreciation from 101.0 as of December 31, 2013, and then decreased to 104.0 as of March 31, 2015, indicating a 1.4% real depreciation in the Turkish Lira compared to December 31, 2014. As a result of these factors, which contributed to the decline in yields on Turkish Lira-denominated securities (primarily in CPI-linked bonds), net interest margins tightened to 3.72% in the first three month period of 2015 from 3.79% for the same period of the prior year despite a slight increase in spreads on core assets, such as spreads on Turkish Lira-denominated loan to deposits, which increased by 0.39% during the same period. The decline in the Group's net interest margin was further impacted by increasing interest rates in the first quarter of 2015, leading to the Group's deposits re-pricing more quickly than its loan portfolio, although the Group's largely stable government deposit base helped moderate this increase. As a result of the current trend of rising interest rates, the Bank's management expects net interest margins to increase with further contributions from CPI-linked bonds.

**Interest Income.** Interest income is the interest (including the amortization of interest-earning assets purchased at a discount and the interest component of lease receivables) and certain loan-related fees (such as closing fees received on project finance loans) received by the Group on its interest-earning assets, principally loans and debt securities. Interest income is a function of both the volume of interest-earning assets and the yield that the Group earns on these holdings. As set out in the table below, the Group's interest income increased by 12.10% in the first three months of 2015 from the same period of the previous year. The following table sets out the interest earnings on the Group's interest-earning assets during each of the indicated periods:

<b>For the three month period ended March 31,</b>		
	<b>2014</b>	<b>2015</b>
	<i>(TL thousands)</i>	
Interest on loans and receivables.....	2,174,214	2,617,128
Interest on financial instruments .....	558,383	429,413
Interest on deposits at banks.....	12,474	18,013
Interest on money market deposits.....	204	166
Others.....	31,197	47,571
<b>Total interest income.....</b>	<b>2,776,472</b>	<b>3,112,291</b>

In the first three months of 2015, the increase in interest income was due to a 25.71% increase in the size of the Group's customer loan portfolio compared to the same period of the prior year, which was partially offset by a decline in yields on the Group's TL-denominated loans and TL-denominated securities. With respect to interest on financial instruments, the decrease was largely attributable to the Bank having elected to significantly increase its holding of CPI-linked bonds in prior periods and thus earning the lower CPI rates when compared to the same period of the prior year (the share of such securities in the Bank's TL-denominated security portfolio increased to 39.52% as of March 31, 2015 from 35.88% as of March 31, 2014).

**Interest Expense.** Interest expense is the interest and certain loan-related fee expenses (such as fees paid on syndicated loans) of the Group on its interest-bearing liabilities, principally time deposits and borrowings. As with interest income, interest expense is a function of both the volume of interest-bearing liabilities and the interest rates that the Group pays on these liabilities. As set out in the table below, the Group's interest expense increased by 8.43% in the first three months of 2015 from the same period of 2014. The following table sets out the interest expense on the Group's interest-bearing liabilities by category during each of the indicated periods:

<b>For the three month period ended March 31,</b>		
	<b>2014</b>	<b>2015</b>
	<i>(TL thousands)</i>	
Interest on deposits.....	1,252,334	1,345,325
Interest on money market deposits.....	229,131	178,053
Interest on funds borrowed.....	54,045	91,680
Other interest expense .....	140,771	202,533
<b>Total interest expense.....</b>	<b>1,676,281</b>	<b>1,817,591</b>

In the first three months of 2015, the increase in the Group's interest expense from the comparable period of the prior year was principally due to increased interest rates, including as a result of a significant interest rate hike by the Central Bank as a result of the depreciation of the Turkish Lira.

*Net Fee and Commission Income.* The second largest component of the Group's operating income is its net fee and commission income. The Group earns fee and commission income on both capital-intensive products (such as origination fees on cash loans and fees for credit cards, letters of credit and guarantees) and capital-free products (such as investment advice and brokerage fees in respect of debt and equity trading). The principal drivers for fee and commission income are the credit card and commercial banking businesses. As set out in the table below, the Group's net fee and commission income for the first three months of 2015 increased by 55.09% from the same period of the prior year. The primary reason for this significant increase was the volume growth in loans (especially in retail banking) and increased contributions from payment system fees in the first three months of 2015, which also reflect the Group's continued focus on increasing its fee and commission income.

The following table sets out the categories of the Group's fee and commission income and expenses (identified by the principal business lines of the Group) and their respective amounts during each of the indicated periods:

	<b>For the three month period ended March 31,</b>	
	<b>2014</b>	<b>2015</b>
	<i>(TL thousands)</i>	
<b>Fee and Commission Income</b>		
Commercial banking .....	132,264	135,388
Credit card fees .....	81,363	140,540
Retail banking .....	22,413	45,572
Other .....	181	-
<b>Total fee and commission income .....</b>	<b>236,221</b>	<b>321,500</b>
<b>Fee and Commission Expense</b>		
Commercial banking .....	94,950	104,094
Other .....	1,090	-
<b>Total fee and commission expense .....</b>	<b>96,040</b>	<b>104,094</b>
<b>Net fee and commission income .....</b>	<b>140,181</b>	<b>217,406</b>

*Other Operating Income.* Other operating income includes net trading gains, net foreign exchange gains, dividend income and other items. As set out in the table below, the Group's other operating income (including provision reversals from non-performing loans) increased by 3.81% in the first three months of 2015 from the same period of the previous year. The following table sets out the Group's other operating income by category during each of the indicated periods:

	<b>For the three month period ended March 31,</b>	
	<b>2014</b>	<b>2015</b>
	<i>(TL thousands)</i>	
Dividend income.....	10,778	9,996
Trading gains, net.....	32,512	23,972
Foreign exchange gains, net.....	40,318	53,963
Other operating income.....	468,393	485,090
<b>Total other operating income.....</b>	<b>552,001</b>	<b>573,021</b>

The increase in total other operating income in the first three months of 2015 compared to the same period of the prior year was largely a result of improvements in the collection of non-performing loans as well as foreign exchange gains due to appreciation of the U.S. Dollar.

### **Operating Expenses**

The Group's operating expenses include business expenses such as salaries, benefits, depreciation, advertisement and rent expenses, and also include impairment losses (including provisions for non-performing loans) and (while not experienced in the periods analyzed here) any net foreign exchange and trading losses. As set out in the table below, operating expenses (including impairment losses, net) for the first three months of 2015 increased by 26.15% from the same period of the previous year, which increase was predominantly due to an increase in other operating expenses. Other operating expenses for the first three months of 2015 increased by 48.99% compared to the corresponding period of the

previous year due to repayment of certain fees to certain retail customers as a result of final court decisions requiring the Bank to repay fees charged in prior periods in connection with making certain loans and the additional provisions that were set aside by Güneş Insurance due to regulatory requirements introduced as of January 1, 2015 as described above. The following table sets out the Group's total operating expenses by category during each of the indicated periods:

	<b>For the three month period ended March 31,</b>	
	<b>2014</b>	<b>2015</b>
	<i>(TL thousands)</i>	
Salaries and wages .....	336,595	373,355
Reserve for employee termination benefits .....	12,361	14,159
Depreciation expenses on tangible assets .....	28,981	31,722
Amortization expenses on intangible assets .....	3,518	4,846
Rent expenses .....	43,773	51,031
Advertisement expenses .....	13,847	22,820
Depreciation expenses on assets to be disposed...	3,124	4,075
Other operating expenses <sup>(1)</sup> .....	521,926	777,605
Impairment losses, net .....	413,108	457,735
<b>Total operating expense .....</b>	<b>1,377,233</b>	<b>1,737,348</b>

(1) Other operating expenses include various normal course expenses such as advertising expenses, utility charges and repair and maintenance, none of which is individually material.

#### *Impairment Losses, Net*

When the Group reclassifies a loan as non-performing, it ceases to accrue interest with respect to such loan and reverses any interest accruals on such loan in its books. The Group makes provision for possible loan losses for anticipated problem loans and non-performing loans already so classified on each business day. The Group generally does not write-off non-performing loans, regardless of the amount of time they have been outstanding. See "Selected Statistical and Other Information - Summary of Loan Loss Experience".

In addition to provisions for possible losses on cash loans and non-cash loans, the Group's impairment losses, net include provisions for tangible and intangible assets, investment in equity participations and other receivables and (where applicable) reversal of prior year provisions.

The Group's net provision for possible losses in the first three months of 2015 was TL 457,735 thousand, a 10.80% increase from TL 413,108 thousand in the same period of the prior year. This change was principally the result of an increase in general provisions due to continued loan volume growth, which was partially offset by a decrease in specific provisions as a result of contraction in the coverage ratio compared to the same period of the prior year and improvements in asset quality. The Group's nominal NPLs in the first three months of 2015 were TL 4,383,396 thousand, a 13.01% increase from TL 3,878,875 thousand in the same period of the prior year. The Group's NPL ratio was 3.63% as of March 31, 2015 (3.74% as of December 31, 2014).

#### **Taxation Charge**

The Group is subject to different forms of income taxation in each market in which it has operations, although the principal driver is Turkish taxation of the Group's income. Taxation and duties other than on income are included in operating expenses whereas taxation on income is applied to income before tax in order to determine the Group's net income. Income taxation charges for the first three months of 2015 totaled TL 122,698 thousand, which was a 51.68% increase from TL 80,894 thousand in the same period of 2014. The Group's effective income tax rate (calculated based upon its reported taxation charge divided by its income before tax) was 34.42% and 19.10%, respectively, during those periods. In the first quarter of 2015, the deviation from the Turkish tax rate of 20.00% was principally due to the increase in general provisions described above.

#### **Financial Condition**

The following table sets out the categories of the Group's assets, liabilities and shareholders' equity and minority interest as of each of the indicated dates:

	As of December 31, 2014		As of March 31, 2015	
	Amount	% of Total	Amount	% of Total
<i>Assets</i>	<i>(TL thousands, except for percentages)</i>			
Cash and cash equivalents .....	21,891,081	13.38%	21,184,373	12.15%
Loans and advances to banks .....	3,568,508	2.18%	5,132,177	2.94%
Loans and advances to customers .....	106,355,671	65.03%	115,048,482	65.99%
Investment securities .....	24,175,949	14.78%	24,994,560	14.34%
Investment in equity participations .....	523,114	0.32%	520,043	0.30%
Tangible assets, net .....	784,873	0.48%	780,002	0.45%
Other assets .....	6,252,266	3.83%	6,695,415	3.84%
<b>Total assets .....</b>	<b>163,551,462</b>	<b>100.00%</b>	<b>174,355,052</b>	<b>100.00%</b>
<i>Liabilities</i>				
Deposits from banks .....	4,750,416	2.90%	4,906,982	2.81%
Deposits from customers .....	88,652,197	54.20%	96,654,150	55.44%
Obligations under repurchase agreements .....	16,185,302	9.90%	15,804,620	9.06%
Loans and advances from banks (funds borrowed) .....	16,260,655	9.94%	16,748,171	9.61%
Debt securities issued .....	10,384,708	6.35%	10,839,274	6.22%
Other liabilities and accrued expenses .....	12,357,661	7.56%	14,452,933	8.29%
<b>Total liabilities .....</b>	<b>148,590,939</b>	<b>90.85%</b>	<b>159,406,130</b>	<b>91.43%</b>
<b>Total shareholders' equity and minority interest ....</b>	<b>14,960,523</b>	<b>9.15%</b>	<b>14,948,922</b>	<b>8.57%</b>
<b>Total liabilities, shareholders' equity and minority interest .....</b>	<b>163,551,462</b>	<b>100.00%</b>	<b>174,355,052</b>	<b>100.00%</b>

As set out in the table above, as of March 31, 2015 the Group's total assets increased by 6.61% from December 31, 2014, which increase was largely the result of the growth in loans and advances to customers (both in Turkish Lira- and foreign currency-denominated loans). As a result of the depreciation of the Turkish Lira against foreign currencies (with the Turkish Lira depreciating almost 12% against the U.S. Dollar in the first three months of 2015), the Group's foreign currency-denominated loans increased by 16.16% on a Turkish Lira-equivalent basis; although the nominal growth was only 3.65% in U.S. Dollar during the same period. In the first three months of 2015: (a) the Group's total liabilities increased by 7.28% from December 31, 2014, which increase was largely the result of an increase in deposits from customers, and (b) the Group's shareholders' equity was almost unchanged compared to December 31, 2014 due largely to the incurrence of mark-to-market losses during the period, which offset the increased retained earnings.

### Off-Balance Sheet Arrangements

In the normal course of business in order to meet the needs of its customers and to hedge the Group's own positions (and generally not for speculative purposes), the Group enters into certain off-balance sheet transactions. These transactions expose the Group to credit risk that is not reflected on the Group's balance sheet. The most significant category of such transactions includes letters of guarantee, letters of credit and other support that the Group provides to its import and export customers, as well as off-balance sheet exposure for the Group's commitments to make loans to its borrowers, derivatives and other transactions. During the first three months of 2015, the increase in the Group's off-balance sheet exposures from the same period of the previous year was principally the result of continued growth in the Group's customer-facing businesses. As of March 31, 2015, the Group's off-balance sheet exposure for letters of guarantee increased by 6.85% from December 31, 2014, while letters of credit and acceptance credits decreased by 0.42% and 7.53%, respectively, during the same period.

The following table summarizes the Group's exposure under the principal categories of its off-balance sheet exposures as of the indicated dates

	As of December 31, 2014	As of March 31, 2015
Letters of guarantee .....	21,458,807	22,927,699
Letters of credit .....	5,212,911	5,190,965
Acceptance credits .....	1,964,093	1,816,109
Other guarantees .....	39,236	45,801
<b>Total non-cash loans .....</b>	<b>28,675,047</b>	<b>29,980,574</b>
Credit card commitments .....	7,641,987	8,363,269
Loan granting commitments .....	8,068,201	8,417,262
Revocable commitments .....	6,365,586	7,130,531
Others .....	5,085,621	3,092,943
<b>Total commitments .....</b>	<b>27,161,395</b>	<b>27,004,005</b>
<b>Total commitments and contingencies .....</b>	<b>55,836,442</b>	<b>56,984,579</b>
Derivatives .....	37,032,314	40,595,786
<b>Total off-balance sheet exposures .....</b>	<b>92,868,756</b>	<b>97,580,365</b>

### Capital Adequacy

The Group maintains regulatory capital adequacy ratios on both a Bank-only and consolidated basis in excess of the regulatory minimums required and recommended levels. The Group's and the Bank's total capital adequacy ratios (calculated in accordance with BRSA Principles) were 13.73% and 13.96%, respectively, as of December 31, 2014, and 13.74% and 14.18%, respectively, as of March 31, 2015. The Group's and the Bank's "common equity Tier I" ratios (calculated in accordance with BRSA Principles) were 11.17% and 11.35%, respectively, as of December 31, 2014 and 10.48% and 10.84%, respectively, as of March 31, 2015. While the Group's capital adequacy ratio was essentially unchanged, the decrease in its common equity Tier I ratio was due to strong volume growth, currency depreciation and mark-to-market losses. The 100% of the sum of marked-to-market gains are classified under core capital under Basel III, under Basel II 45% of such gains were classified under supplementary capital.

The following table sets forth the calculation of the Group's capital adequacy ratios as of each of the indicated dates based upon the New Financial Statements:

	As of December 31, 2014	As of March 31, 2015
	<i>(TL thousands, except percentages)</i>	
Common equity Tier I capital .....	14,824,597	14,778,441
Supplementary capital (Tier II) .....	3,639,371	4,808,356
<b>Total capital before deductions .....</b>	<b>18,463,968</b>	<b>19,586,797</b>
Deductions from capital .....	(250,996)	(222,343)
<b>Total capital .....</b>	<b>18,212,972</b>	<b>19,364,454</b>
Value at credit risk .....	122,283,175	128,939,200
Value at market risk .....	799,050	1,083,725
Value at operational risk .....	9,609,038	10,950,125
<b>Total risk-weighted assets .....</b>	<b>132,691,263</b>	<b>140,973,050</b>
Common equity Tier I ratio .....	11.17%	10.48%
Total capital adequacy ratio .....	13.73%	13.74%

The increase in the Group's supplementary (Tier II) capital in the first three months of 2015 included a Basel III-compatible Tier II issuance amounting to US\$500 million.

### Liquidity and Funding

The Group manages its assets and liabilities to seek to ensure that it has sufficient liquidity to meet its present and future financial obligations and that it is able to take advantage of appropriate business opportunities as they arise. Financial obligations arise from withdrawals of deposits, repurchase transactions, extensions of loans or other forms of credit and the Group's own working capital needs. The Group's principal source of funding is short-term and demand deposits, and (due to the short term nature of the deposit market) the Group has sought a diversified and stable deposit base in each of its retail,

commercial, corporate and SME business lines. As of December 31, 2014 and March 31, 2015 the Group's ratio of cash loans to customers to deposits (including bank deposits) was 113.9% and 113.3%, respectively.

#### **Other Recent Events**

The Bank, after March 31, 2015, has issued various Series of Notes under the Program denominated in Dollars and other currencies, which had an aggregate nominal amount equivalent to approximately US\$450 million. As of June 5, 2015, the aggregate outstanding nominal amount issued under the Program reached US\$3,282 million. The Bank's management expects to continue to issue new Series under the Program, both as private transactions (most of which have maturities of one year or less) and in transactions with larger distributions.

On April 17, 2015, the Bank signed a syndication loan agreement amounting to US\$204 million and €763 million with the participation of 35 banks from 17 countries, which loan replaced a maturing syndicated loan agreement. The Bank plans to use the loan for trade finance purposes.

On April 22, 2015, the Bank appealed the Turkish Competition Board's decision dated March 8, 2013, which imposed fines against the Bank as described in "The Group and its Business – Legal Proceedings" in the Base Prospectus.