FIRST SUPPLEMENT dated 5 March 2019 to the Base Prospectus dated 30 April 2018

TÜRKİYE İŞ BANKASI A.Ş.
€2,000,000,000
Global Covered Bond Programme

This supplement (this "*Supplement*") is supplemental to, and must be read in conjunction with, the Base Prospectus dated 30 April 2018 (the "*Base Prospectus*") prepared by Türkiye İş Bankası A.Ş. (the "*Issuer*" or the "*Bank*") under the Issuer's global covered bond 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has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC (as amended or superseded, the "*Prospectus Directive*"). The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This document constitutes a supplement for the purposes of Article 16 of the Prospectus Directive and has been prepared and published for the purposes of incorporating into the Base Prospectus the latest financial statements and updating the Base Prospectus with certain recent events in connection with the Issuer. As a result, certain modifications to the Base Prospectus are hereby being made.

A copy of each of: (a) the consolidated BRSA financial statements of the Group as of and for the year ended 31 December 2018 (including any notes thereto and the independent auditor's report thereon, the "*Group's New BRSA Financial Statements*") and (b) the unconsolidated BRSA financial statements of the Issuer as of and for the year ended 31 December 2018 (including any notes thereto and the independent auditor's report thereon and, with the Group's New BRSA Financial Statements, the "*New Financial Statements*") has been filed with the Central Bank of Ireland and the Irish Stock Exchange plc trading as Euronext Dublin and, by means of this Supplement, is incorporated by reference into, and forms part of, the Base Prospectus. Copies of each of the New Financial Statements can be obtained without charge from the registered office of the Issuer and from the Issuer's website at http://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/financial-statements/Pages/financial-statements.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, each of which is 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) ("*EY*"). EY's audit reports included in the New Financial Statements contain a qualification. See "*Risk Factors – Risks Relating to the Group and its Business – Audit Qualification*" as amended by this Supplement.

In addition, this Supplement sets out in the attached pages amendments to 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 in (or incorporated by reference into the Base Prospectus by means of) this Supplement, the information contained in (or incorporated by reference into the Base Prospectus by means of) this Supplement shall prevail.

Except as disclosed herein (including in the New Financial Statements incorporated by reference into the Base Prospectus by means of this Supplement), there has been no: (a) significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus since the publication of the Base Prospectus, (b) significant change in the financial or trading position of either the Group or the Issuer since 31 December 2018 and (c) material adverse change in the financial position or prospects of the Issuer since 31 December 2018.

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 Arrangers 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:

COVER PAGE

The first sentence of the last paragraph on the cover page of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

Series of Covered Bonds may either be rated (by any Relevant Rating Agency (as defined herein)) or unrated.

The first reference to "Moody's" on the third sentence of the last paragraph on the cover page of the Base Prospectus is hereby amended to refer to "Moody's Investors Service Ltd. ("*Moody's*")."

The following section is hereby included after the section titled "*MiFID II Product Governance / Target Market*" on page 4 of the Base Prospectus:

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE

With respect to each issuance of Covered Bonds (or beneficial interests therein), the Issuer may make a determination about the classification of such Covered Bonds (or beneficial interests therein) for purposes of Section 309B(1)(a) of the Securities and Futures Act (Chapter 289) of Singapore (the "*SFA*"). The Final Terms in respect of any Covered Bonds may include a legend titled "Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore" that will state the product classification of the applicable Covered Bonds (and, if applicable, beneficial interests therein) pursuant to Section 309B(1) of the SFA; *however*, unless otherwise stated in the applicable Final Terms, all Covered Bonds (or beneficial interests therein) shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the "*MAS*") Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This notification or any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The following sections are hereby included immediately after the section titled "*Accounting Policy Changes in Insurance Companies*" on page 10 of the Base Prospectus:

Accounting Policy Changes as a result of the Implementation of TFRS 9 Principles

As of 1 January 2018, the Group started to apply Turkish Financial Reporting Standards 9 ("*TFRS 9*"), which replaced TAS 39 (*Financial Instruments: Recognition and Measurement*), in its financial statements for the first time. The Group has not restated comparative information for financial instruments for 2017 within the scope of TFRS 9 and, as such, certain information in the Bank's consolidated and unconsolidated BRSA Financial Statements as of and for the year ended 31 December 2018 is not comparable to the relevant information in the Bank's consolidated and unconsolidated (as applicable) BRSA Financial Statements for previous periods. The total difference arising from the adoption of TFRS 9 has, as of 1 January 2018, been recognised directly in the current period's statement of changes in shareholders' equity. See Section III of the Group's BRSA Financial Statements as of and for the year ended 31 December 2018 for details of the impact of the first time adoption of TFRS 9 as of 1 January 2018 on the consolidated financial statements.

Accounting Policy Changes in relation to the Bank's Subsidiaries and Associates

As of 31 March 2018, the Bank started to use the equity method (as defined in TAS 28 (*Standards on Investment in Associates and Joint Ventures*)) while accounting for: (a) in its consolidated BRSA Financial Statements, its subsidiaries and associates that are not credit or financial institutions, and (b) in its unconsolidated BRSA Financial Statements, all of its subsidiaries and associates as per the application of TAS 27 (*Standards on Stand-Alone Financial Statements*). Before the related accounting policy change: (i) investments in subsidiaries and associates whose shares were traded in an active market (*e.g.*, a stock market) were shown in the financial statements at their fair values by taking into account their prices recorded in the related market and (ii) investments in other subsidiaries and associates were reflected at their cost of acquisition less, if any, impairment losses. Under the equity method, the profit or loss of the Bank includes the Bank's share of the profit or loss of its subsidiaries and associates and the Bank's other comprehensive income or expenses include the Bank's share of other comprehensive income or expenses of its subsidiaries and associates.

Due to such accounting policy changes: (a) certain information in the Bank's consolidated and unconsolidated BRSA Financial Statements as of and for the year ended 31 December 2017 were restated and (b) certain corrections to the information in the Bank's consolidated and unconsolidated BRSA Financial Statements as of and for the year ended 31 December 2016 were included in the Bank's consolidated and unconsolidated (as applicable) BRSA Financial Statements as of and for the year ended 31 December 2018. As such, this information is not comparable to the relevant information in the Bank's consolidated and unconsolidated (as applicable) BRSA Financial Statements for 2015.

See Section III of the Group's BRSA Financial Statements as of and for the year ended 31 December 2018 for details regarding such accounting changes and its effects.

The last two sub-paragraphs of the fourth paragraph of the section titled "*Alternative Performance Measures*" on pages 10 and 11 of the Base Prospectus are hereby deleted in their entirety and replaced by the following:

investment securities portfolio: This is the sum of: (a) as of 31 December 2015, 2016 and 2017: (i) the available-for-sale portfolio as of such date and (ii) the held-to-maturity portfolio as of such date, and (b) as of any date thereafter (including as of 31 December 2018), due to the implementation of TFRS 9: (i) the financial assets at fair value through other comprehensive income as of such date and (ii) the financial assets measured at amortised cost as of such date.

trading securities portfolio: This is: (a) as of 31 December 2015, 2016 and 2017: (i) the financial assets held for trading as of such date *minus* (ii) the derivative financial assets held for trading as of such date, and (b) as of any date thereafter (including as of 31 December 2018), due to the implementation of TFRS 9, the financial assets at fair value through profit or loss as of such date.

RISK FACTORS

The last sentence of the third paragraph of the risk factor titled "*Risks Relating to Turkey – Political Developments*" on page 16 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

> The state of emergency was extended seven times for additional three month periods pursuant to Article 121 of the Turkish Constitution, ending as of July 2018.

The last sentence of the sixth paragraph of the risk factor titled "*Risks Relating to Turkey – Political Developments*" on page 16 of the Base Prospectus is hereby deleted in its entirety and is replaced with the following:

> In the presidential elections held on 24 June 2018, Recep Tayyip Erdoğan received approximately 53% of the votes and was re-elected as the President. In parliamentary elections held on the same day, the AKP, the President's party, and the Nationalist Movement Party (*Milliyetçi Hareket Partisi*) (*MHP*), which has formed the "People's Alliance" bloc with the AKP, together received sufficient votes to hold a majority of the seats in Parliament. As of 9 July 2018, the parliamentary system has been transformed into a presidential one and President Erdoğan started to hold the additional powers granted to the President pursuant to the referendum held on 16 April 2017 as described above. On 9 July 2018, President Erdoğan announced the new ministers of his cabinet, which included the appointment of the former minister of Energy and Natural Resources and his son-in-law, Berat Albayrak, as the minister of Treasury and Finance. On 10 July 2018, President Erdoğan issued a decree empowering the President to appoint the chief of the Central Bank, whereas the council of ministers had the authority to appoint the chief of the Central Bank in the parliamentary system. Failure to implement effective monetary and fiscal policies might adversely affect the Turkish economy in general. Although there have been limited or no disruptions to date, local elections in Turkey, scheduled to take place on 31 March 2019, might result in increased political risks.

The second to last paragraph of the risk factor titled "*Risks Relating to Turkey – Political Developments*" on page 17 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

> On 1 August 2018, OFAC took action targeting Turkey's Minister of Justice and Minister of Interior, indicating that these Ministers played leading roles in the organisations responsible for the arrest and detention of American pastor Andrew Brunson, and blocked any property, or interest in property, of these Ministers within the United States and generally prohibited U.S. persons from engaging in transactions with them. Following such action, Turkey imposed reciprocal sanctions against two American officials. On 10 August 2018, the President of the United States stated that he had authorised higher tariffs on steel and aluminium imports from Turkey. On 15 August 2018, Turkey retaliated by increased tariffs on certain imports from the

United States, such as cars, alcohol and tobacco. These actions contributed to a decline in the value of the Turkish Lira, which fell to a record low (exceeding TL 7.2 per U.S. dollar in the week ended on 12 August 2018) before strengthening to TL 5.3 as of 31 December 2018, due to various reasons, including certain measures taken by the BRSA, the higher than expected interest rate hike (625 basis points) by the Central Bank on 13 September 2018, the "New Economic Programme" of the government that was in line with the market's expectations and improving relations between Turkey and the United States following the release of American pastor Andrew Brunson on 12 October 2018 and the 2 November 2018 removal of the sanctions imposed upon Turkish ministers and reciprocal sanctions imposed by Turkey. See "-*Turkish Economy*." The events prior to the release of Mr. Brunson contributed to the deterioration of the relationship between Turkey and the United States and any future similar events might have an adverse effect on the Turkish economy and/or might impact investors' perception of the risks relating to investments in Turkish issuers, including the Bank.

On 2 October 2018, Saudi journalist Jamal Khashoggi disappeared after entering the Saudi consulate in İstanbul and it was later announced that Mr. Khashoggi had been killed inside the consulate by Saudi operatives. While the focus on this event has since eased due to intervening geopolitical events, such as the decision of U.S. President Trump to withdraw U.S. forces from Syria, the impact that this event will have on the relationship between Turkey and Saudi Arabia is unknown. This event and/or other political circumstances might result in a deterioration of the relationship between Turkey and Saudi Arabia, which might have a negative impact on the Turkish economy.

On 5 November 2018, the United States reinstated all United States sanctions on Iran that had been removed in 2015 in an effort to constrain Iran's nuclear programme, including certain sanctions imposed upon Iranian financial and energy sector, and some other imports from Iran. Nevertheless, on the same date, the United States Secretary of State Micheal Pompeo noted that a partial exemption is granted to eight governments, including the Turkish government, allowing these countries to import limited amounts of oil from Iran for six months; *however*, there is no certainty that such exemption will remain in force until the end of the six-month period or that it will be renewed.

The following paragraph is hereby included to the beginning of the fifth paragraph of the risk factor titled "*Risks Relating to Turkey – Turkish Economy*" on page 17 of the Base Prospectus:

The economic and political circumstances, including the recent political tension between Turkey and the United States, resulted in (or contributed to) a decline in the value of the Turkish Lira. See "*Political Developments*." Although the Turkish Lira appreciated to a certain extent following the improved relationship between Turkey and the United States and certain actions taken by the Central Bank, further depreciation, including material depreciation, is possible until such circumstances fully improve. The impact of these circumstances, including the dramatic decline in the value of the Turkish Lira, could have a material adverse effect on the Group and/or the Bank, including through borrower defaults, increased NPLs, lower loan growth and reduced earnings in the near-to medium-term, the revaluation of assets and liabilities (including increases in the Turkish Lira-equivalent value of the Group's obligations in Dollars and other currencies), a decline in capital and rapid changes in the economic and legal environment.

The third paragraph under the risk factor titled "*Risks Relating to Turkey – Terrorism and Conflicts*" on page 18 of the Base Prospectus is amended by the addition of the following sentence before the second to last sentence thereof:

On 19 December 2018, the United States announced its intention to withdraw its 2,000 troops currently stationed in Syria, though no concrete timeline for the withdrawal has been issued; *however*, the United States has more recently announced its intention to maintain approximately 400 troops in Syria, approximately 200 of which would be located in a safe zone near the Turkish border.

The following sentence is hereby added before the second to last sentence of the first paragraph under the risk factor titled "*Risks Related to Turkey – High Current Account Deficit*" on page 20 of the Base Prospectus:

In 2018, Turkey's current account deficit decreased to US$27.6 billion due to an increase in exports, a slowdown in domestic demand and an increase in tourism revenues.

The following sentence is hereby included before the last sentence of the second paragraph of the risk factor titled "*Risks Relating to Turkey – High Current Account Deficit*" on page 20 of the Base Prospectus:

In May and August 2018, as a response to the depreciation of the Turkish Lira, the Central Bank further reduced the upper limit of the foreign exchange maintenance facility within the Reserve Options Mechanism from 55% to 45% and then to 40% (*i.e.*, Turkish banks have the option to hold 40% of the Turkish Lira reserve requirements in foreign exchange, resulting in the possibility that the foreign exchange that was used for reserve purposes previously might be applied by Turkish banks to the purchase of Turkish Lira). In August 2018, the Central Bank also reduced its reserve requirement ratios for non-core foreign exchange liabilities by 400 basis points for up to (and including) three year maturities and Turkish Lira reserve requirement ratios by 250 basis points for all maturity brackets. In February 2019, the Central Bank further reduced its Turkish Lira reserve requirement ratios for deposits and participation funds by 100 basis points for up to (and including) one year maturity and for other liabilities for up to (and including) three year maturities, and by 50 basis points for all other liabilities subject to reserve requirements.

The last sentence of the fourth paragraph of the risk factor titled "*Risks Relating to Turkey - High Current Account Deficit*" on page 21 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

The relatively low levels of oil prices were positive from the perspective of the current account balance in 2016. In 2017, the current account deficit increased largely due to strong economic activity. Even though recent oil price increases have limited the recovery of Turkey's current account balance, the current account balance narrowed by 41.6% in 2018. Agreements among the members of the Organisation of the Petroleum Exporting Countries (*OPEC*) to cut output or any geopolitical development concerning energy security and prices (such as the United States' withdrawal from the Joint Comprehensive Plan of Action (*i.e.*, the Iran nuclear deal) and re-imposing oil-related sanctions on Iran or the decision of the United States to impose new sanctions on Venezuela dated 22 May 2018, which decisions are expected to reduce global supply and increase crude oil prices) might have a material impact on Turkey's current account balance.

The fourth and fifth sentences of the paragraph under the risk factor titled "*Risks Relating to Turkey - Inflation Risk*" on page 21 of the Base Prospectus are hereby deleted in their entirety and replaced by the following:

The annual consumer price inflation was 20.3% in 2018, while annual domestic producer price inflation during the year was 33.6%. As of January 2019, annual (the last 12 month) consumer price inflation was 20.35% and the annual domestic producer price inflation was 32.93% (Turkstat). On 30 January 2019, the Central Bank published its first inflation report of 2019 and reduced its inflation forecasts, predicting a rate of 14.6% for 2019 (previously expecting a rate of 15.2% in the fourth inflation report of 2018) and 8.2% for 2020 (previously expecting a rate of 9.3% in the fourth inflation report of 2018).

The following language is hereby included before the last sentence of the first paragraph under "*Risks Relating to the Group and its Business – Counterparty Credit Risk*" on page 23 of the Base Prospectus:

For example, the Bank granted loans (amounting to TL 2,082,881 thousand as of 31 December 2017) to Ojer Telekomünikasyon A.Ş. ("*OTAŞ*") (the majority shareholder of Türk Telekomünikasyon A.Ş. ("*Türk Telekom*")), which loans were classified as Group II loans (Loans Under Close Monitoring) in the Bank's BRSA Financial Statements as of and for the year ended 31 December 2017. In July 2018, all of OTAŞ' lenders (including the Bank) reached an agreement on the restructuring of its debt, which debt was secured by OTAŞ' majority ownership in Türk Telekom. Pursuant to this restructuring agreement, it was decided for the lenders to obtain direct or indirect ownership in a newly created special purpose vehicle to own the shares of Türk Telekom. Accordingly, Levent Yapılandırma Yönetimi A.Ş. ("*LYY*") was established as a special purpose vehicle for the restructuring of OTAŞ' debt. The Bank purchased 11.5972% of LYY's shares in proportion with its share in OTAŞ' debt. On 21 December 2018, as per the agreed structure, LYY took over Türk Telekom shares held by OTAŞ (corresponding to 55% of Türk Telekom's shares). The lenders extended loans to LYY to finance its acquisition of these Türk Telekom shares. The Bank's loan extended to LYY (amounting to TL 2,126,927 thousand as of 31 December 2018) was classified under "Financial Assets at Fair Value through Profit and Loss" in the Bank's BRSA Financial Statements as of and for the year ended 31 December 2018. Following the restructuring, the Bank's loan to OTAŞ was extinguished.

The third sentence of the second paragraph under "*Risks Relating to the Group and its Business – Counterparty Credit Risk*" on page 23 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

> The NPL ratio in the Turkish banking sector was 3.2% as of 31 December 2016, 3.0% as of 31 December 2017 and 3.9% as of 31 December 2018 (2.3%, 2.1% and 4.1%, respectively, with respect to the Group), with the Turkish banking sector's statistics being as reported in the BRSA's monthly statistical bulletin.

The last two sentences of the fifth paragraph of the risk factor titled "*Risks Relating to the Group and its Business - Foreign Exchange and Currency Risk*" on page 26 of the Base Prospectus are hereby deleted in their entirety and replaced by the following:

> The Central Bank might implement additional monetary tightening policies in the near future for price stability, if needed; *however*, there is no assurance that any of the Central Bank's policies would be effective to achieve stability in the Turkish Lira. Due to the depreciation of the Turkish Lira in the second quarter of 2018, the Central Bank increased the late liquidity window lending rate first by 75 basis points to 13.5% on 25 April 2018 and then by 300 basis points to 16.5% on 23 May 2018. On 28 May 2018, the Central Bank simplified its monetary policy and set the one-week repo rate to the then-current policy rate of 16.5% and decided for the overnight borrowing and lending rates to be determined at 150 basis points below and above the one-week repo rate, respectively, as of 1 June 2018. On 7 June 2018, the Central Bank's Monetary Policy Committee increased the one-week repo rate (policy rate) by 125 basis points to 17.75%. Following the significant decline in the value of the Turkish Lira, which fell to a record low (exceeding TL 7.2 per U.S. Dollar in the week ended on 12 August 2018), on 13 September 2018, the Central Bank increased its benchmark lending rate by 6.25%, which increased the one-week repo rate from 17.75% to 24.00%. See "*Risks Relating to Turkey - Interest Rate Risk*." Any failure of the Central Bank to implement effective policies might adversely affect the Turkish economy in general, including leading to higher inflation and a higher current account deficit. See also "*Risks Relating to Turkey - High Current Account Deficit*" and "*Risks Relating to Turkey - Inflation Risk.*"

The second paragraph of the risk factor titled "*Risks Relating to the Group and its Business – Audit Qualification*" on page 35 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

> The auditors' audit reports included in the Group's BRSA Financial Statements include: (a) a qualification related to the free provision as of 31 December 2016 amounting to TL 800 million allocated by the Bank's management, all of which had been recognised as an expense in prior periods, (b) a qualification related to the free provision amounting to TL 1,740,000 thousand as of 31 December 2017, of which TL 800,000 thousand was provided in prior years and TL 940,000 thousand as of 31 December 2017, which provision was allocated by the Bank's management for the possible effects of the negative circumstances that may arise in the economy or market conditions and (c) a qualification related to the free provision amounting to TL 1,200,000 thousand as of 31 December 2018, of which TL 1,740,000 thousand was provided in prior years, TL 350,000 thousand was reversed in the current period and TL 190,000 thousand was reversed under retained earnings by the Group's management for the possible effects of the negative circumstances that might arise from the possible changes in the economy and market conditions. The Bank's auditors have qualified their audit and review reports (as applicable) included in the BRSA Financial Statements as free provisions are not permitted under Turkish Accounting Standards 37 as set by the POA. See also the audit reports included in the BRSA Financial Statements incorporated by reference herein. The Bank's management expects that similar qualifications will be included in the corresponding audit or review reports for future fiscal periods.

DOCUMENTS INCORPORATED BY REFERENCE

The first paragraph on page 59 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

> The following documents, which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the Central Bank of Ireland and Euronext Dublin, shall be incorporated into, and form part of, this Base Prospectus:
>
> (a) the independent auditors' audit reports and audited consolidated BRSA Financial Statements of the Group as of and for the years ended 31 December 2016 (excluding the comparative information for 2015), 2017 and 2018, and

(b) the independent auditors' audit reports and audited unconsolidated BRSA Financial Statements of the Bank as of and for the years ended 31 December 2016 (excluding the comparative information for 2015), 2017 and 2018.

GENERAL DESCRIPTION OF THE PROGRAMME

The second paragraph of the section titled "*Programme Description – Ratings*" on page 81 of the Base Prospectus is hereby deleted in its entirety.

Clause (g) of the first paragraph of the section titled "*Creation and Administration of the Cover Pool – Individual Asset Eligibility Criteria*" on page 88 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

(g) at the time of the inclusion of such mortgage loan in the Cover Pool, the applicable LTV is not greater than the maximum percentage (if any) for calculations relating to cover matching principles specified in the Covered Bonds Communiqué (as of 5 March 2019, Article 19(1) of the Covered Bonds Communiqué sets this percentage at 80%).

FORM OF APPLICABLE FINAL TERMS

The following section is hereby included after the section titled "*MiFID II Product Governance / Eligible Counterparties and Professional Clients Only Target Market*" on page 111 of the Base Prospectus:

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "*SFA*")** – [In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "*CMP Regulations 2018*"), the Issuer has determined the classification of the Covered Bonds [(and beneficial interests therein)] to be capital markets products other than: (a) prescribed capital markets products (as defined in the CMP Regulations 2018) and (b) Excluded Investment Products (as defined in the Singapore Monetary Authority (the "*MAS*") Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][3]

[3] Legend to be included on front of the Final Terms if the Covered Bonds (and, if applicable, beneficial interests therein): (a) do not constitute prescribed capital markets products as defined under the CMP Regulations 2018 and (b) will be offered in Singapore.

RECENT DEVELOPMENTS

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

RECENT DEVELOPMENTS

On 26 April 2018, the Monetary Policy Committee increased the late liquidity window lending rate by 75 basis points to 13.50%. On 7 May 2018, the Central Bank lowered the upper limit for the foreign exchange maintenance facility within the reserve options mechanism (which allows Turkish banks to maintain certain of their Turkish Lira reserve requirements in foreign exchange) to 45% from 55%. The Central Bank also increased the foreign exchange swap auction amount to US$1.5 billion from US$1.25 billion and increased the monthly non-deliverable forward auction amount from US$150 million to US$250 million as a response to the depreciation of the Turkish Lira. On 23 May 2018, following the Turkish Lira reaching its then-lowest level against the U.S. dollar, an emergency meeting of the Central Bank's Monetary Policy Committee increased the late liquidity window lending rate by 300 basis points to 16.5%, while keeping constant its one-week repo rate at 8.0%, the upper bound of the interest rate corridor at 9.25% and its overnight borrowing rate at 7.25%. On 28 May 2018, the Central Bank announced its decision to simplify its monetary policy and set the one-week repo rate to the then-current policy rate of 16.5% (increasing from 8.0%), and the overnight borrowing and lending rates are to be determined at 150 basis points below and above the one-week repo rate, respectively, as of 1 June 2018. On 7 June 2018, the Central Bank's Monetary Policy Committee increased the one-week repo rate (policy rate) by 125 basis points to 17.75%. In August 2018, the Central Bank reduced its reserve requirement ratios for non-core foreign exchange liabilities by 400 basis points for up to (and including) three year maturities and Turkish Lira reserve requirement ratios by 250 basis points for all maturity brackets and further reduced the upper limit of the foreign exchange maintenance facility within the Reserve Options Mechanism from 45% to 40%, which changes increased liquidity in the Turkish banking system. In August 2018, the BRSA limited the swap and swap-like transactions entered into between banks in Turkey and their foreign counterparts to 25% of the relevant Turkish bank's regulatory capital, thereby reducing foreign counterparties' access to Turkish Lira. In addition, the Turkish government raised taxes on U.S. dollar deposits while waiving taxes on Turkish Lira deposits to increase Turkish Lira liquidity in the market. On 13 September 2018, the Central Bank increased its benchmark lending rate by 6.25%, which increased the one-week repo rate from 17.75% to 24.00%. These changes to the benchmark lending rate increased the short-term funding rates but did not have a material impact since the changes to the reserve requirement ratios for non-core foreign exchange liabilities provided additional liquidity for the Bank.

On 4 May 2018, S&P revised credit ratings of six Turkish banks (including the Bank) following the downgrade of the sovereign credit rating of Turkey on 1 May 2018. On 17 August 2018, S&P further downgraded Turkey's sovereign credit rating to "B+" from "BB-." Following such decision, on 17 August 2018, S&P revised the credit ratings of six Turkish banks (including the Bank). Since 17 August 2018, the Bank's credit ratings from S&P are as follows:

S&P (17 August 2018)

Long-Term Foreign Currency Issuer Credit Rating/Outlook	B+ / Negative
Long-Term Local Currency Issuer Credit Rating/Outlook	B+ / Negative
Short-Term Foreign Currency / Local Currency Issuer Credit Rating	B
Long-Term/Short-Term Turkish National Scale	trA+ / trA-1

On 1 June 2018, Fitch placed various credit ratings of 25 Turkish banks, including the Bank, on "Rating Watch Negative." On 13 July 2018, Fitch downgraded Turkey's sovereign credit rating to "BB" from "BB+." Following such decision, on 20 July 2018, Fitch revised various credit ratings of 24 Turkish banks (including the Bank) and on 1 October 2018, further revised various credit ratings of the 20 Turkish banks (including the Bank). Since 1 October 2018, the Bank's credit ratings from Fitch are as follows:

Fitch (1 October 2018)

Long-Term Foreign Currency Issuer Default Rating/Outlook	B+/ Negative
Long-Term Local Currency Issuer Default Rating/Outlook	BB-/ Negative
National Long Term Rating/Outlook	A+(tur) / Stable
Short-Term Foreign Currency / Local Currency Issuer Default Rating	B / B
Viability Rating	b+
Support Rating	4
Support Rating Floor	B

On 7 June 2018, following its decision to place Turkey's sovereign credit rating on review for downgrade on 1 June 2018, Moody's downgraded certain credit ratings of the Bank. On 17 August 2018, Moody's further downgraded Turkey's sovereign credit rating to "Ba3" from "Ba2." Following such decision, on 28 August 2018, Moody's revised the credit ratings of 20 Turkish financial institutions (including the Bank). Since 28 August 2018, the Bank's credit ratings from Moody's are as follows:

Moody's (28 August 2018)

Long-Term Foreign Currency Deposit Rating/Outlook	Ba2 / Negative
Long-Term Foreign Currency Issuer Rating/Outlook	B2 / Negative
Long-Term Local Currency Deposit Rating/Outlook	B2 / Negative
Short-Term Foreign Currency / Local Currency Deposit Rating	Not-Prime / Not-Prime
Foreign Currency Subordinated Debt	Caa1 / Caa2 (hyb)
BCA (Baseline Credit Assessment)	b3

On 7 June 2018, the BRSA published the Communiqué on Principles regarding the Debt Instruments to be included in the Calculation of Banks' Equity, which sets forth procedures and principles for the write-up and write-down of the debt instruments or loans that are included in the calculation of banks' equity (*i.e.*, additional Tier 1 and Tier 2 capital) as well as procedures and principles related to conversion of such debt instruments into shares.

As of 21 June 2018, Intercontinental Exchange Benchmark Administration Limited, the Benchmark Administrator for LIBOR, appears on the Register of Administrators.

On 15 August 2018, the BRSA published the Regulation on Restructuring of Debts in the Financial Sector (the "*Restructuring Regulation*"), as amended most recently on 21 November 2018, pursuant to which a framework agreement (the "*Framework Agreement*") was drafted by the Banks Association of Turkey. On 19 September 2018, the Banks Association of Turkey announced that Turkish banks (including the Bank) and other financial institutions, whose shares correspond to approximately 90% of the total loans in the market, executed the Framework Agreement, which entered into force on the same date following the approval of the BRSA. The main aim of the regulation is to enhance the repayment ability of debtors in repaying their debts to the financial sector in order for these companies to sustain their operations and contribute to the employment in Turkey. The Framework Agreement determined: (a) the scope of debts to be restructured, (b) the minimum qualifications of the eligible debtors, (c) the minimum debt amount to be restructured, (d) the content of the restructuring agreements and (e) the procedure to determine a debtor's eligibility, which is the capacity of a debtor to repay its debts following the restructuring process in line with the repayment schedule. According to the Framework Agreement, debtors that have a principal debt of more than TL 100 million are eligible to apply to restructure their debts. According to the Framework Agreement, the eligible debtor(s) and the applicable credit institutions may sign a restructuring agreement at any time through 19 September 2020. As such, certain borrowers of the Bank may apply for restructuring of their debt. Pursuant to the Framework Agreement, when a debtor makes an application for restructuring, there is a minimum 90 day standstill period, which can be extended to 150 days. If the restructuring agreement is signed, then, during the standstill period, all enforcement actions by the respective lenders that sign the Framework Agreement are suspended and no new enforcement action can be initiated by such lenders against such debtor.

On 17 August 2018, the Bank's Board of Directors decided to buy back up to 130,000,000 of its Class C shares for a maximum amount of TL 550,000,000. As of 31 December 2018, the Bank had purchased 130,000,000 Class C shares on free float for an amount of TL 530,306,572.

On 7 September 2018, the BRSA decided that banks should not include the collateral provided for credit derivatives and derivative transactions in the calculations of their liquidity coverage ratios starting from 31 July 2018 until 31 December 2018. This had a positive impact on the Group's liquidity coverage ratios as of 31 December 2018.

On 13 September 2018, Decree 32 was amended to impose restrictions on the use of, or indexing to, foreign currency in the following contracts executed between persons residing in Turkey: sale and purchase of movable and immovable property, leasing of all kinds of movable and immovable property (including vehicle and financial leasing), employment, service and construction contracts. According to such amendments, Turkish residents were required to amend any relevant contract so that the contract price and all other payment obligations thereunder were re-determined in Turkish Lira within a 30-day transition period (*i.e.*, by 13 October 2018). On 6 October 2018 and 16 November 2018, the Ministry of Treasury and Finance issued an amending communiqué that broadened the scope of, but provided certain exemptions to, these restrictions. Among other exemptions, capital market instruments (including any Covered Bonds issued directly to Turkish investors) are exempt from these restrictions. Accordingly, the issuance, purchase and sale of capital market instruments in accordance with the Capital Markets Law may be denominated in, or indexed to, foreign currency.

On 15 September 2018, the Ministry of Commerce issued a communiqué that sets forth the procedures and principles relating to the application of Article 376 of the Turkish Commercial Code, which Article regulates the measures that Turkish companies (*i.e.*, joint stock companies, limited liability companies and limited partnerships, in which the capital is divided into shares, including financial institutions) are required to adopt in case of loss of capital or insolvency. This new communiqué aims to clarify and complement the remedial actions that can be taken in relation to the treatment of foreign exchange losses in the calculation of the loss of capital or insolvency. As companies in Turkey prepare their financial statements in Turkish Lira, the value of any foreign currency-denominated asset and liability is converted to Turkish Lira based upon the currency rate applicable as of the date of such financial statements; *however*, until 1 January 2023, the communiqué allows companies to disregard any losses arising from the exchange rate volatility of any outstanding foreign currency-denominated liability while making any capital loss or insolvency calculations. As such, companies will not be required to apply any measures set forth in Article 376 of the Turkish Commercial Code to maintain their capital if the relevant loss of capital or insolvency arises from currency fluctuations.

Pursuant to Presidential Decree No. 162 dated 11 October 2018, loans guaranteed by the Turkish Treasury under the KGF programme may be restructured from their initial maturities of 36 months up to 96 months for working capital loans and up to 156 months for investment loans. Such Presidential Decree also requires lenders to provide an opportunity to their borrowers to restructure the relevant KGF-guaranteed loans prior to any recourse to the KGF guarantee.

Government officials have recently made some comments regarding a potential transfer of Atatürk's Shares (see "*Ownership*") to the Turkish Treasury. After Mustafa Kemal Atatürk passed away, his shares in the Bank were transferred to the CHP (currently the main opposition party) in accordance with his testamentary will. As of 31 December 2018, these shares comprised 28.09% of the Bank's outstanding share capital. On 17 September 2018, the Bank made a public announcement in Turkey stating that: (a) under Atatürk's will, any dividends on these shares are paid to two non-profit organisations, the Turkish Language Institute and the Turkish Historical Society, and (b) the İşbank Personnel Supplementary Pension Fund, which acts on behalf of the active and retired employees of the Bank and held 40.13% of the shares of the Bank as of such date, appoints the majority of the members of the Board of Directors.

In December 2018 and January 2019, the Central Bank amended the Communiqué Regarding Reserve Requirements to exclude in the calculation of reserve requirements the following liabilities on the balance sheet: (a) funds acquired on the Borsa İstanbul through repo transactions and (b) deposits and participation funds of official institutions.

MANAGEMENT

The section titled "*Executive Committee*" starting on page 242 of the Base Prospectus is hereby amended by the: (a) deletion of the information regarding Mr. Mahmut Magemizoğlu and Mr. Ergün Yorulmaz in its entirety and (b) addition of the following at the end thereof:

Recent Developments

On 28 September 2018, Mr. Mahmut Magemizoğlu, a Deputy Chief Executive of the Bank, resigned from his duties due to his retirement.

On 5 October 2018, the Bank's Board of Directors approved the appointment of Mr. Cahit Çınar, the CEO of İşbank AG, which is a wholly owned subsidiary of the Bank, as a Deputy Chief Executive of the Bank. Additional information regarding Mr. Cahit Çınar is set forth below:

Cahit Çınar

Born in Ankara in 1967, Mr. Cahit Çınar graduated from the International Relations Department of the Faculty of Political Sciences at Ankara University and then attended Munich Ludwig-Maximillians University between 1989 and 1990. Mr. Çınar then began his career at the Bank as an Assistant Specialist in Economic Research Division in 1991 and joined the Board of Inspectors as an Assistant Inspector in 1992. He was appointed as an Assistant Manager to the Commercial Loans Division in 2001. He was appointed to a position in Frankfurt/Germany in 2004 and became the Regional Manager of Commercial Loans Department in 2007, the Head of Commercial Loans Underwriting Division in 2010 and the Manager of Güneşli Corporate Branch in 2013. Mr. Çınar was appointed as the Chief Executive Officer of İşbank AG on 25 March 2016. Mr. Çınar was appointed as a Deputy Chief Executive of the Bank on 5 October 2018.

On 31 October 2018, Mr. Ergün Yorulmaz, a Deputy Chief Executive of the Bank, resigned from his duties due to his retirement.

TURKISH REGULATORY ENVIRONMENT

The following language is hereby added at the end of the fifth paragraph of the section titled "*Loan Loss Reserves - Current Rules*" (*i.e.*, the second full paragraph on page 273) of the Base Prospectus:

The banks applying TFRS 9 may re-classify their performing Group I loans, which had been previously classified as restructured loans under Group II, under Group I again following a minimum three month monitoring period, subject to the satisfaction of the requirements listed under sub-paragraphs (C) and (D) above (regardless of the conditions under sub-paragraphs (A) and (B) stated above).

The last sentence of the fifth paragraph of section titled "*Capital Adequacy*" on page 278 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

On 12 June 2018, the BRSA announced its decision (dated 7 June 2018 and numbered 7841) to amend the per customer total risk limit for loans described in clause (b), which is the upper limit for such loans subjected to the 75% risk weight, from TL 4,200,000 to TL 5,500,000.

The fourth paragraph of the section titled "*Consumer Loan, Provisioning and Credit Card Regulations*" starting on page 293 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

> The Regulation on Bank Cards and Credit Cards provides certain limitations on the length of the periods of instalment payments on credit cards. According to such limitations, the instalment payment period (including the period for the postponement of payments and the debts split into instalments for a fee) for the purchase of goods and services and cash withdrawals is not permitted to exceed 12 months, whereas such limit is three months for electronic appliance purchasing, six months for payments made to clubs and associations, expenditures relating to international travel, travel agencies assisting with international travel and international accommodation and 12 months for computer purchasing (excluding tablets, for which such limit is six months), expenditures related with transportation, domestic expenditures relating to airlines, travel agencies, health and social services and for purchases of health products and tax payments. In addition, credit card instalment payments (except for corporate credit cards) are not allowed for jewellery expenditures, telecommunication and related expenses, expenses related to direct marketing, expenditures made outside of Turkey and purchases of nutriment, liquor, fuels, cosmetics, office equipment, gift cards, gift checks and other similar intangible goods. With respect to corporate credit cards, the instalment period (including the period for the postponement of payments and the debts split into instalments for a fee) for the purchase of goods and services and cash withdrawals is not permitted to exceed 12 months.

The sixth and seventh paragraphs of the section titled "*Consumer Loan, Provisioning and Credit Card Regulations*" starting on page 293 of the Base Prospectus are hereby deleted in their entirety and replaced by the following:

> In September 2018, the Central Bank amended the Communiqué on Maximum Interest Rates to be Applied for Credit Card Transactions, replacing the then existing rates applicable from January until March 2019. Accordingly, the maximum contractual and default interest rates for Turkish Lira and foreign currency credit card transactions are 2.25% and 1.80% for credit card transactions in Turkish Lira and foreign currency, respectively, until the end of March 2019. The monthly maximum default interest rates are 2.75% and 2.30% for credit card transactions in Turkish Lira and foreign currency, respectively, until the end of March 2019. The Central Bank may announce new interest rates to be applied after March 2019.
>
> On 31 December 2013, the BRSA adopted rules on loan-to-value and instalments of certain types of loans and, on 27 September 2016, the BRSA made certain amendments to such rules. Pursuant to these rules, the minimum loan-to-value requirement for housing loans extended to consumers, financial lease transactions for housing and loans (except auto loans) secured by houses is 80% (which was 75% before such amendments). In addition, for auto loans extended to consumers, loans secured by autos and autos leased under financial lease transactions, the loan-to-value requirement is 70%; *provided* that, in each case, the sale price of the respective auto is not higher than TL 120,000; *however*, if the sale price of the respective auto is above this TL 120,000 threshold, then the minimum loan-to-value ratio for the portion of the loan below the threshold amount is 70% and the remainder is set at 50%. As for limitations regarding instalments, the maturity of consumer loans (other than loans to consumers for housing finance and complementary goods and services in relation to home renovation/improvement, the financial leases for homes leased to consumers, other loans for the purpose of purchasing real estate and for student loans, financing of debts owed to public institutions where the loan amount is directly deposited into the relevant public institution's account and any refinancing of the same) are not permitted to exceed 60 months, whereas such limit is 48 or 60 months for auto loans and loans secured with autos depending upon the invoice amount of such vehicle, six months for loans granted for purchases of tablets, 12 months for loans granted for computer purchasing and six or 12 months for mobile phones depending upon the price of the product.

SUMMARY OF THE TURKISH COVERED BONDS LAW

The fourth and fifth paragraphs of the section titled "*Cover pool – composition of assets*" starting on page 261 of the Base Prospectus are hereby deleted in their entirety and replaced by the following:

> With respect to LTV ratio requirements, the portions of: (a) the loans and receivables resulting from housing finance and (b) commercial loans and receivables that have been secured by establishing a mortgage at the relevant registry exceeding, respectively, 80% and 50% of the value of the security provided in respect of them shall not be taken into consideration in the calculation of the Statutory Tests.
>
> The 80% LTV ratio applicable for the loans and receivables resulting from housing finance originated from the Regulation on Loan Transactions of Banks. The LTV ratio is used to calculate the highest amount that may be extended by a bank for a residential mortgage loan, based upon the appraisal value of the relevant

real estate. On 27 September 2016, by way of an amendment to the Regulation on Loan Transactions of Banks, the BRSA increased the LTV ratio for the loans and receivables resulting from housing finance from 75% to 80%. On 11 November 2018, a communiqué amending the Covered Bonds Communiqué was published and the CMB increased the LTV ratio applicable for the loans and receivables resulting from housing finance from 75% to 80% for calculations regarding the cover matching principles (*i.e.*, Statutory Tests) in the Covered Bonds Communiqué.

TAXATION

The sixth sentence of the section titled "*Taxation – FATCA*" beginning on page 301 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining Foreign Passthru Payments are published in the U.S. Federal Register, and Covered Bonds characterised as debt (or that are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining Foreign Passthru Payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date; *however*, if additional Covered Bonds (see Condition 16 (*Further Issues*)) that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents might treat all Covered Bonds, including Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

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*" starting on page 303 of the 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 Covered Bonds (or beneficial interests therein) 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 who 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 any applicable state, local, other federal or non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("*Similar Law*").

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

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

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

APPENDIX 1 - OVERVIEW OF SIGNIFICANT DIFFERENCES BETWEEN IFRS AND THE BRSA ACCOUNTING AND REPORTING PRINCIPLES

The first sentence of the second paragraph of the section titled "*Consolidation*" on page 324 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

Under the BRSA Accounting and Reporting Principles, only subsidiaries and associates operating in the financial services sector are required to be consolidated with a bank; the rest are carried at their book value.