International Bank for 
Reconstruction and Development 
1818 H Street, N.W. 
Washington, D.C. 20433 
United States of America 

Re: Loan No. 8409-TR 
(Innovative Access to Finance Project) 
Performance Monitoring Indicators 

Dear Sirs and Mesdames:

This refers to paragraph A.1 of Section II of Schedule 2 to the Loan Agreement of even date herewith between TÜRKİYE SINAI KALKINMA BANKASI A.Ş. (the Borrower) and the International Bank for Reconstruction and Development (the Bank). The Borrower hereby confirms to the Bank that the indicators set out in this letter shall serve as a basis for the Borrower to monitor and evaluate the progress of the Project and the achievement of the objectives:

1. Key indicators for measuring the project development objective (PDO) include:
   (a) Ratio of the average maturity of Islamic sub-finance under the project, over the average maturity of the Islamic finance PFIs' portfolio not financed under the project.
   (b) Ratio of export factoring sub-finance in the factoring portfolio financed under the project, over the factoring company PFIs' export factoring finance in the factoring portfolio not financed under the project.
   (c) Number of SME beneficiaries financed by PFIs under the project (cumulative).
   (d) Number of EOE beneficiaries financed by PFIs under the project (cumulative).

2. Key Intermediate Results indicators include:
   (a) Number of PFIs under the project (cumulative).
   (b) Volume of Bank support (cumulative, US$ million).
   (c) Volume of Bank support to SMEs (cumulative, US$ million).
   (d) Outstanding export finance portfolio (US$ million). The indicator will be reported by PFI, both for their entire portfolio and the Bank-financed portion only.
   (e) Outstanding SME finance portfolio (US$ million). The indicator will be reported by PFI, both for their entire portfolio and the Bank-financed portion only.
   (f) Number of active export finance accounts (not cumulative). The indicator will be reported by PFI, both for their entire portfolio and the Bank-financed portion only.
(g) Number of active SME finance accounts (not cumulative). The indicator will be reported by PFI, both for their entire portfolio and the Bank-financed portion only.

(h) Portfolio at risk. The indicator will follow the local definition for NPLs, as regulated by BRSA. The indicator will be reported for TSKB and by PFI, both their entire portfolio and the Bank-financed portion only.

(i) Return on Assets (%). The indicator will be reported for TSKB and by PFI.

(j) Return on Equity (%). The indicator will be reported for TSKB and by PFI.

(k) Percent of Loan disbursed financing Sub-projects in priority regions.

(l) Compliance with prudential regulation. The indicator will be reported for TSKB and by PFI.

3. In addition to the above indicators, the project will monitor some additional indicators. These indicators will be monitored for analytical purposes only and will serve as useful inputs to define policies and projects aimed at further improving SMEs' access to credit in Turkey:

(a) Performance of PFIs under the project: (i) Average maturity of the Islamic finance PFIs' portfolio not financed under the project; (ii) Percent of the factoring company PFIs' export factoring finance in the factoring portfolio not financed under the project.

(b) Performance of SMEs under the Islamic finance sub-component of the project: (i) Increase in employment; (ii) Increase in sales; (iii) Increase in exports.

(c) Profile of SMEs under the project: (i) Size of SMEs (number of employees); (ii) Economic sector; (iii) Geographical location; (iv) Female owner or shareholder.

(d) Profile of finance under the project: (i) Size of sub-finance; (ii) Maturity of sub-finance; (iii) Interest or mark-up of sub-finance.

Very truly yours,

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.

By
Authorized Representative

By
Authorized Representatives