TÜRKİYE SINAI KALKINMA
BANKASI A.Ş.
The Summary Project Financial Statements of
“Innovative Access to Finance
Project” (the USD Tranche)
With Independent Auditors’ Report
As at 31 December 2015

31 May 2016

This report contains 2 pages of independent auditors’ report and 4 pages of summary project financial statements and notes to the summary project financial statements.

To the Board of Directors of Türkiye Sinai Kalkınma Bankası A.Ş.

We have audited the accompanying summary statements of the Project Balance Sheet and Special Account of Türkiye Sinai Kalkınma Bankası A.Ş. (the “Bank” or “TSKB”) as of and for the year ended 31 December 2015 and a summary of significant accounting policies and other explanatory information (together “the summary project financial statement”), are derived from the audited project financial statements of the Bank for the year ended 31 December 2015. We expressed an unmodified audit opinion on those project financial statements in our report dated 31 May 2016.

The summary project financial statements do not contain all the disclosures required by the cash basis of accounting described in Note 3 of the project financial statements. Reading the summary financial statements, therefore, is not a substitute for reading the audited project financial statements of the Bank.

Management’s Responsibility for the Summary Project Financial Statements

Management is responsible for the preparation of a summary of the audited project financial statements in accordance with the cash basis of accounting described in Note 3.

Auditors’ Responsibility

Our responsibility is to express an opinion on the summary project financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, “Engagements to Report on Summary Financial Statements”.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a Turkish corporation and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.
Opinion

In our opinion, the summary project financial statements derived from the audited project financial statements of the Bank for the year ended 31 December 2015 are consistent, in all material respects, with audited project financial statements, in accordance with the cash basis of accounting described in Note 3.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 3 to the summary project financial statement, which describes the basis of accounting. This report is prepared upon the request of the Bank for the purpose of disclosing on the Bank’s website the activities in relation to the loan agreement referred to above, as a summary of the original report dated 31 May 2016 that was submitted for the use of the Board of Directors and management of the Bank and International Bank for Reconstruction and Development (IBRD).

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Erdal Tikmak, SMMM
Partner
31 May 2016
Istanbul, Turkey
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Account</td>
<td>25,735,000</td>
</tr>
<tr>
<td>Total Extended To PFIs</td>
<td>4,265,000</td>
</tr>
<tr>
<td>Participation Banks</td>
<td>200,000</td>
</tr>
<tr>
<td>Factoring Companies</td>
<td>4,065,000</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>30,000,000</strong></td>
</tr>
<tr>
<td>Amount due to World Bank</td>
<td>30,475,000</td>
</tr>
<tr>
<td>Credit Line</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Up-front Fee</td>
<td>475,000</td>
</tr>
<tr>
<td>Other (*)</td>
<td>(475,000)</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>30,000,000</strong></td>
</tr>
</tbody>
</table>

(*) “Other” comprises up-front fee (USD 475,000).
DESIGNATED ACCOUNT ("DA") STATEMENT

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance as of 1 January 2015</td>
<td>-</td>
</tr>
<tr>
<td>IBRD advances used during the period</td>
<td>30.000.000</td>
</tr>
<tr>
<td>Less: Refund to IBRD from DA during the period</td>
<td>-</td>
</tr>
<tr>
<td>Finance advanced/expenses paid in period</td>
<td>(4.265.000)</td>
</tr>
<tr>
<td>Closing balance per DA Statement</td>
<td>25.735.000</td>
</tr>
</tbody>
</table>
NOTES TO THE SUMMARY PROJECT FINANCIAL STATEMENTS

1- OBJECTIVES AND NATURE OF THE PROJECT

Türkiye Sinai Kalkınma Bankası ("TSKB") received a loan of USD 190,000,000 (the USD Tranche); and EUR 44,100,000 (the EUR Tranche) for financing of Innovative Access to Finance Project from the International Bank for Reconstruction and Development (IBRD).

The objectives of the Project is to improve access to longer term Islamic finance and to factoring for small and medium enterprises and export oriented enterprises.

The project consists of the establishment and operation of a financing facility within TSKB for the provision of financing (through Subsidiary Financing) to PFIs ("Participating Financial Institution") for said PFIs to provide financing (through Sub-financing) to SMEs ("Small and Medium Enterprises") and EOE s ("Export Oriented Enterprises") to carry out Sub-projects.

The lending instrument for the IA2F project is the World Bank's Variable Spread Loan (FSL) in two currencies (US Dollar and EUR) with a maturity till 2041 with a grace period that ends in 2021. The instrument will have a variable spread over the Reference Rate for the loan currency, and is planned as a loan with a long maturity both for the Bank loan to the Borrower (TSKB), and for the subsidiary loans from the Borrower to participating financial intermediaries.

Under the Guarantee of Republic of Turkey, as the Lender of Innovative Access to Finance Loan Project, IBRD is on-lending the loan to TSKB. The on-lending is being carried out by means of subsidiary finance agreements between TSKB and Participating Financial Institutions (PFI). The PFI is in turn engaging in sub-loans to Beneficiary Enterprises satisfying a set of eligibility criteria, according to agreed sub-loan terms and conditions and safeguard review procedures and procurement guidelines.

2- OPERATIONS OF THE PROJECT IMPLEMENTING AGENCY

Headquartered in Istanbul and established in 1950 with the support of World Bank and the Central Bank of Turkey and shareholding of private commercial banks, Türkiye Sinai Kalkınma Bankası (TSKB) is Turkey's first privately-owned development and investment bank. Since the day it was founded, TSB K has been supporting Turkey's sustainable growth with its deep knowledge and experience as well as the broad array of corporate banking, investment banking, and consultancy services that it provides its customers. Through financial subsidiaries offering real estate and sustainability solutions, TSB K also adds value to its customers' investments. The bank conducts its business through its head office in Istanbul and through its Ankara and Izmir branches.

Ever since its inception, TSKB has been engaging in business partnerships with supranational financial institutions, international development agencies, and banks and financial institutions all over the world through which it brings qualified and themed global funds together with investments undertaken by the Turkish business world.

With a wide range of credit options that include corporate lending, project finance, and much more, TSB K provides financing support to sustainable investment projects in many different sectors. At the same time and in its capacity as an effective investment bank, TSB K also gives its customers the benefit of its international-class investment banking experience with products and services that have been carefully crafted to meet their specific needs.

As a bank that recognizes and internalizes the economic, environmental, and social aspects of sustainability, TSB K has undertaken many initiatives and it commands respect on that front not just in Turkey but abroad as well. TSB K is one of the pioneers in sustainable banking in Europe.
3- MAIN ACCOUNTING POLICIES

The Bank prepares its summary project financial statements on cash basis. Accordingly, the Bank does not calculate any interest income and expense accrual for the related period.

Uses of Funds by Participating Financial Institutions and names of participation banks and factoring companies in Project Balance Sheet are not presented as of December 31, 2015.

Expenditure list from beneficiary enterprises are recorded in local or foreign currency and converted to USD or EUR according to the type of the Tranche by using the prevailing exchange rates as of the date of the procurement realized by those enterprises. Disbursements to the PFIs are recorded in USD or EUR according to the type of the Tranche, they would like to draw down. The collections from the PFIs are also made in the corresponding currency.

4- RESTRICTED USE OF FUNDS AND OTHER ASSETS

In accordance with the loan agreement between the Bank and IBRD, funds available in the Designated Account are restricted to project purposes only.

5- INNOVATIVE ACCESS TO FINANCE LOAN

IBRD agreed to lend to TSKB a total amount of USD 190,000,000 and EUR 44,100,000 as Innovative Access to Finance Project. The front-end fee equals to 0.25% of the Loan amount. The amounts allocated to be extended as participation bank and factoring company PFIs (“Participating Financial Institutions”) equal to USD 189,525,000 and EUR 43,989,750.

The loan has a maturity till 2042 and repayments will start in the year 2021.

In order to draw down funds under the Innovative Access to Finance Project, TSKB is entering into subsidiary loan agreements with the Participating Financial Institutions. The PFIs enter into sub-loan with beneficiary enterprises. The sub-loans are in accordance with the Innovative Access to Finance sub-loan terms and conditions and prudent banking practices.

Sub-loans are being provided for financing of raw material, spare parts, plant and equipment, and works both for working capital as well as investment purposes.

The amount of designated account as of December 31, 2015 is USD 25,735,000. TSKB is obliged to pay a front-end fee to IBRD in an amount of USD 475,000 for the Dollar Tranche and EUR 110,250 for the Euro Tranche.

As of December 31, 2015, the total usage of the loan portfolio is given as:

<table>
<thead>
<tr>
<th>Source</th>
<th>Total Support (USD)</th>
<th>Total Usage (USD)</th>
<th>Collections (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Bank /Treasury USD</td>
<td>30,000,000</td>
<td>4,265,000</td>
<td>-</td>
</tr>
</tbody>
</table>