TÜRKİYE SİNAİ KALKINMA
BANKASI A.Ş.
The Summary Project Financial Statements of
“Additional Loan for Private Sector
Renewable Energy and Energy
Efficiency Project” (the USD Tranche)
With Independent Auditors’ Report
As at 31 December 2016

14 June 2017

This report contains 2 pages of independent auditors’ report and 3 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 of Türkiye Sinai Kalkınma Bankası A.Ş. (the “Bank” or “TSKB”) as of and for the year ended 31 December 2016 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 2016. We expressed an unmodified audit opinion on those project financial statements in our report dated 14 June 2017.

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.
Kavacık Rüzgarlı Bahçe Mah. Kavak Sok. No:29 Beykoz 34805 İstanbul
Tel +90 (216) 681 90 00
Fax +90 (216) 681 90 90
www.kpmg.com.tr
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 2016 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 14 June 2017 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
14 June 2017
Istanbul, Turkey
TÜRKİYE SINAI KALKINMA BANKASI A.Ş.
ADDITIONAL LOAN PRIVATE SECTOR RENEWABLE ENERGY AND ENERGY EFFICIENCY PROJECT LOAN NO: 8104-001-TR & 8104-002-TR
SUMMARY PROJECT BALANCE SHEET AS OF 31 DECEMBER 2016
(Amounts expressed in USD unless otherwise stated.)

SUMMARY PROJECT BALANCE SHEET

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Account</td>
<td></td>
</tr>
<tr>
<td>Amounts due from beneficiary enterprises</td>
<td>77,582,566</td>
</tr>
<tr>
<td>Amounts received from beneficiary enterprises</td>
<td>22,167,434</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>99,750,000</td>
</tr>
<tr>
<td>Amount due to the World Bank</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Credit Line</td>
<td>99,750,000</td>
</tr>
<tr>
<td>Up-front fee</td>
<td>250,000</td>
</tr>
<tr>
<td>Gain/Loss</td>
<td>7,411,106</td>
</tr>
<tr>
<td>Other(*)</td>
<td>(7,661,106)</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>99,750,000</td>
</tr>
</tbody>
</table>

(*) “Other” comprises up-front fee (USD 250,000), and difference from interest received & paid and commitment fee (USD 7,411,106).
NOTES TO THE SUMMARY PROJECT FINANCIAL STATEMENTS

1. OBJECTIVES AND NATURE OF THE PROJECT

Türkiye Sinai Kalkınma Bankası ("TSKB") received a loan of USD 100,000,000 (the USD Tranche); and EUR 69,300,000 (the EUR Tranche) for financing of Additional Loan Private Sector Renewable Energy and Energy Efficiency Loan from the International Bank for Reconstruction and Development (IBRD) on 5 December 2011.

The main objective of the Renewable Energy and Energy Efficiency Project is to help increase privately owned and operated energy production from indigenous renewable sources within the market-based framework of the Turkish Electricity Market Law, enhance energy efficiency, and thereby help reduce greenhouse gas emissions.

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, TSKB 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, TSKB 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, TSKB provides financing support to sustainable investment projects in many different sectors. At the same time and in its capacity as an effective investment bank, TSKB 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, TSKB has undertaken many initiatives and it commands respect on that front not just in Turkey but abroad as well. TSKB 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 Beneficiary Enterprises and beneficiary enterprise names in Project Balance Sheet are not presented as of 31 December 2016.

Disbursements to the local firms are recorded in local currency and converted to related currency by using the prevailing exchange rates as of the date of the disbursement. The collections from the local firms are converted by using the prevailing exchange rates on the collection date.

4. RESTRICTED USE OF FUNDS AND OTHER ASSETS

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

5. RENEWABLE ENERGY AND ENERGY EFFICIENCY LOAN

TSKB draws the loan's credit line funds in EUR and USD. The front-end fee will be paid from own proceeds. The Principal payment dates of the loan on each 15 June and 15 December beginning 15 December 2018 through 15 June 2039.

The front-end fee payable by the borrower shall be equal to one quarter of one percent (0,25 %) of the Loan amount. The borrower shall pay the front-end fee not later than 60 days after the Effective Date.

IBRD has provided an amount equivalent to USD 100.000.000 and EUR 69.300.000 to be withdrawn from the Loan Account and deposited into the Special Account under the term of “Authorized Allocation”. There is no remaining balance in special account for the EUR portion as of 31 December 2016. TSKB is obliged to pay IBRD a front-end fee in an amount of USD 250.000 and EUR 173.250 for the total loan amount of USD 100.000.000 and EUR 69.300.000.

Usage of Loan

Most of the loans made under IBRD, have been realized under investment credit lines. In these types of transactions, an advance payment mechanism is almost always implemented. In most cases investment expenditures begin before the completion of the financing package, therefore invoice provision partly or fully takes place, and some advance payment in credit follows. In some cases full advance payment might be needed. But in all cases, documentation with regard to expenditures gets completed within a reasonable amount of time.

As of 31 December 2016, 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 (USD)</td>
<td>99.750.000</td>
<td>99.750.000</td>
<td>22.167.434</td>
</tr>
</tbody>
</table>