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Independent Auditor's Report

To the Management of Türkiye Sınai Kalkınma Bankası A.Ş.

Opinion

We have audited the accompanying statements of the Summary Project Balance Sheet, Designated Account, Uses of Funds and Received by Beneficiary Enterprises of Türkiye Sınai Kalkınma Bankası A.Ş. (the "Bank" or "TSKB") as of and for the year ended 31 December 2022 and a summary of significant accounting policies and other explanatory information (together "the project financial statement").

In our opinion, the accompanying project financial statement of the Bank as at December 31, 2022 is prepared, in all material respects, in accordance with the accounting described in Note 3 to the project financial statement and the expenditures reported are eligible for financing.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Türkiye, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Specific Purpose

Our report is solely for the purpose set forth in the first paragraph of this report and for your information. This report relates only to the Schedule and items specified above and does not extend to any financial statements of the Bank, taken as a whole. To the fullest extent permitted by law, we do not assume responsibility to anyone other than the Bank for this report.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 3 to the financial statement, which describes the basis of accounting. The financial statements are prepared to provide information to Asian Infrastructure Investment Bank. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Bank and AIIB and should not be used by parties other than the Bank and AIIB. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of this project financial statement in accordance with the cash basis of accounting described in Note 3; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the project financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the project financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The partner in charge of the audit resulting in this independent auditor's report is Fatma Ebru Yücel.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Fatma Ebru Yücel, SMMM
Partner

27 July 2023
İstanbul, Türkiye

Attachment

1. Summary Project Balance Sheet
2. Statement of the Designated Account (DA) Reconciliation
3. Notes to the financial statements and supplementary information

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

COVID-19 CREDIT LINE PROJECT

SUMMARY PROJECT BALANCE SHEET AS OF 31 DECEMBER 2022

(Amounts expressed in USD unless otherwise stated.)

Attachment 1 - SUMMARY PROJECT BALANCE SHEET

Designated Account	0,00
Amounts due from beneficiary enterprises	17.768.539,81
Amounts received from beneficiary enterprises	181.731.460,19
Front-end Fee	500.000,00
<hr/> TOTAL ASSETS	<hr/> 200.000.000,00
 Amount due to the AIIB	
Credit Line	199.500.000,00
Front-end Fee	500.000,00
<hr/> TOTAL LIABILITIES	<hr/> 200.000.000,00

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

**COVID-19 CREDIT LINE PROJECT
DESIGNATED ACCOUNT (“DA”) STATEMENT AS OF 31 DECEMBER 2022
(Amounts expressed in USD unless otherwise stated.)**

Attachment 2 –DESIGNATED ACCOUNT (“DA”) STATEMENT

Opening balance as of 1 January 2022	0,00
AIIB advanced during the period	0,00
Less: Refund to AIIB from DA during the period	0,00
Loans advanced/expenses paid in period	0,00
Closing balance as of (end of Period– 31/12/2022)	0,00

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

COVID-19 CREDIT LINE PROJECT NOTES TO THE PROJECT FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in USD unless otherwise stated.)

Attachment 3 - NOTES TO THE PROJECT FINANCIAL STATEMENTS

1- OBJECTIVES AND NATURE OF THE PROJECT

Türkiye Sınai Kalkınma Bankası (“TSKB”) received a loan of USD 200.000.000 for Covid-19 pandemic from the Asian Infrastructure Investment Bank (AIIB) within the Loan Agreement dated July 30, 2020.

The objective of the Project is to reduce liquidity constraints and increase access to finance to corporates and small-medium enterprises operating in the infrastructure and eligible other productive sectors in the Republic of Türkiye.

The Project shall be implemented through the Borrower through direct on-lending of Sub-loans to Sub-borrowers to finance Eligible Activities.

The Project will provide selected investments as well as liquidity for the payment of operating expenses, short-term assets (inventories, trade receivables) and short-term liabilities. The interest payment dates are April 15 and October 15 in each year.

2- OPERATIONS OF THE PROJECT IMPLEMENTING AGENCY

Headquartered in İstanbul and established in 1950 with the support of the World Bank and the Central Bank of the Republic of Türkiye and shareholding of private commercial banks, Türkiye Sınai Kalkınma Bankası (TSKB) is Türkiye’s first privately-owned development and investment bank. Since the day it was founded, TSKB has been supporting Türkiye’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 İstanbul and through its Ankara branch.

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 Türkiye but abroad as well. TSKB is one of the pioneers in sustainable banking in Europe.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

COVID-19 CREDIT LINE PROJECT NOTES TO THE PROJECT FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in USD unless otherwise stated.)

Attachment 3 - NOTES TO THE PROJECT FINANCIAL STATEMENTS (Continued)

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. Disbursements to the Sub-borrowers are recorded in either in USD, EUR or TRY according to the sub-loan agreement between them and TSKB. The collections from the Sub-borrowers 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 AIIB, funds available in the Designated Account are restricted to project purposes only.

5- COVID-19 CREDIT LINE PROJECT LOAN

AIIB agreed to lend to TSKB a total amount of USD 200.000.000 as Covid-19 Credit Line Project. The front-end fee equals to 0,25 % of the Loan amount. The amounts allocated to be extended as Sub-loans for Sub-projects equal to USD 199.500.000.

The amount of designated account as of 31 December 2022 is USD 0,00. TSKB is obliged to pay a front-end fee to AIIB in an amount of USD 500.000.

As of 31 December 2022, the total usage of the loan portfolio is given as;

Source	Total Support (USD)	Total Usage (USD)	Collections (USD)
AIIB USD	199.500.000,00	199.500.000,00	181.731.460,19