

TÜRKİYE KALKIMA VE YATIRIM BANKASI A.Ş.

**EUROPEAN COMMISSION DEVELOPMENT FUND
GRANT AGREEMENT BETWEEN IBRD AND TKYB
(FORMAL EMPLOYMENT CREATION PROJECT-
FACILITY FOR REFUGEES IN TURKIYE)
(GRANT NUMBER: TF0B4699)
WITH INDEPENDENT AUDITOR'S REPORT
AS OF 31 DECEMBER 2025**



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Independent Auditor's Report

To the Board of Directors of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

Opinion

We have audited the balance sheet of the Formal Employment Creation Project (“the Project”) financed by the International Bank for Reconstruction and Development (“IBRD”) and implemented by Türkiye Kalkınma ve Yatırım Bankası A.Ş. (“the Bank”) as of December 31, 2025, and the notes to the statement of designated accounts, including a summary of significant accounting policies (together, the financial statement).

In our opinion, the accompanying financial statement of the Project as of December 31, 2025, is prepared in accordance with the significant accounting policies described in Note 2 to the financial statement.

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 Project Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the (consolidated) financial statements in Türkiye and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Project 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 2 to the Project financial statement, which describes the basis of accounting. The Project financial statement is prepared upon the request of the Bank management, solely for the use of IBRD. As a result, the Project financial statement may not be suitable for another purpose. Our report is intended solely for the Bank, its shareholders and IBRD and should not be used by parties other than these. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of these financial statements in accordance with the accounting policies described in Note 2 to the accompanying financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the financial statements, management is responsible for assessing the Project'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 Project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project'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 Project'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 Project'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 Project to cease to continue as a going concern.

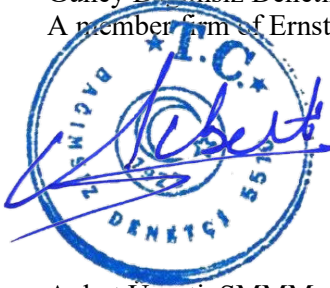


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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

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



Aykut Uşenti, SMMM
Partner

June 16, 2026
İstanbul, Türkiye

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TÜRKİYE KALKIMA VE YATIRIM BANKASI A.Ş.
FORMAL EMPLOYMENT CREATION PROJECT
GRANT NUMBER: TF0B4699 AS OF 31 DECEMBER 2025
(Amounts are expressed in EUR, unless otherwise stated.)

PROJECT BALANCE SHEET	31 December 2025	31 December 2024
ASSETS		
Special Accounts	60.450.926	20.236.664
- Designated Account Balance	9.930.165	12.444.862
- Technical and Institutional Support Expenditures	3.191.312	1.698.493
- Expenditures in 2021	4.393	4.393
- Expenditures in 2022	88.561	88.561
- Expenditures in 2023	458.891	458.891
- Expenditures in 2024	1.146.648	1.146.648
- Expenditures in 2025	1.492.818	-
- Amounts paid to Beneficiary Enterprises	47.329.449	6.093.309
TOTAL ASSETS	60.450.926	20.236.664
LIABILITIES		
Amount due to IBRD (Advance Payment)	60.450.926	20.236.664
- Technical Assistance Component	5.961.538	5.961.538
- Sub-grant Component	54.489.388	14.275.126
TOTAL LIABILITIES	60.450.926	20.236.664

TÜRKİYE KALKIMA VE YATIRIM BANKASI A.Ş.
FORMAL EMPLOYMENT CREATION PROJECT
GRANT NUMBER: TF0B4699 AS OF 31 DECEMBER 2025
(Amounts are expressed in EUR, unless otherwise stated.)

Designated Account Statement	2025	2024
Opening balance (Withdrawal fund from IBRD) as of the 1 January	12.444.862	6.148.154
— Technical Assistance Component (Account No: 1001434-B-503/385201)	4.263.045	5.409.692
— Sub-grant Component (Account No: 1001434-B-504/385201)	8.181.817	738.462
Withdrawal from World Bank	40.214.261	13.536.664
Withdrawal from World Bank (5 March 2024)	-	6.800.000
Withdrawal from World Bank (21 November 2024)	-	6.736.664
Withdrawal from World Bank (17 March 2025)	8.700.918	-
Withdrawal from World Bank (28 August 2025)	6.990.039	-
Withdrawal from World Bank (23 September 2025)	8.181.331	-
Withdrawal from World Bank (10 October 2025)	7.775.167	-
Withdrawal from World Bank (10 November 2025)	8.566.806	-
Total funds available	52.659.123	19.684.818
Subtotal of SoE (-)	42.728.958	7.239.957
Technical Assistance Capacity Building Expenditures		
Paid for Grant Implementation (-)	1.492.818	1.146.648
Amount paid to Beneficiary Enterprises (-)	41.236.140	6.093.309
Closing balance as at 31 December	9.930.165	12.444.862
Technical Assistance Component (Account No: 1001434-B-503/385201)	2.770.226	4.263.045
Sub-grant Component (Account No: 1001434-B-504/385201)	7.159.939	8.181.817

NOTES TO THE PROJECT FINANCIAL STATEMENTS

1. Objectives and Nature of The Project

The objective of the Formal Employment Creation Project is to enhance the conditions for formal job creation by firms operating in provinces with high incidence of Syrians under Temporary Protection (“SuTP”), for the benefit of Turkish citizens and refugees. “The Formal Employment Creation Project” has three sub-components: 1) Loan (EUR 316 million) from the International Bank for Reconstruction and Development (“IBRD”) 2) Grant from the European Commission Development Fund administered by IBRD and implemented by Türkiye Kalkınma ve Yatırım Bankası A.Ş. (“TKYB”) (EUR 75,9 million which consists of EUR 70 million sub-grant to beneficiaries and EUR 5,9 million to technical and institutional support to implementation) in total. This report will be covering the Grant component of the Project.

Operations of The Project Implementing Agency

TKYB was founded in Ankara as Devlet Sanayi ve İşçi Yatırım Bankası in 1975, under the control of the Ministry of Industry. The Bank was founded by the State mainly to promote investment in certain sectors of the country.

With the decision of the “Supreme Planning Board” dated 20 January 1989, the Bank has been merged with the T.C. Turizm Bankası A.Ş.

The name of the bank has been changed as Türkiye Kalkınma Bankası A.Ş. in 1988 following a decision of the Council of Ministers and on 24 October 2018 it has been changed as Türkiye Kalkınma ve Yatırım Bankası A.Ş.

The Bank is subject to the registered capital system. 99,08% of the capital is owned by the Ministry of Treasury and Finance and the remaining shares are quoted in the Borsa İstanbul.

The Bank currently provides development and investment-banking services mainly to the financing of industry, tourism, education, health and energy sectors. Besides supplying loans in medium and long terms to the abovementioned sectors, the Bank also participates in other activity fields like project assessment, leasing, rehabilitation, equity participation, fund management, banking operations and training activities.

2. Main Accounting Policies

The Bank uses the cash basis of accounting to account for project transactions. Disbursements to the local firms are recorded in local currency and translated to EUR with the exchange rate as of the date of the disbursement. The collections from the local firms are translated with the exchange rates prevailing on the collection date.

NOTES TO THE PROJECT FINANCIAL STATEMENTS

2. Main Accounting Policies (Continue)

The project balance sheet and designated account statement included in the project financial information have been prepared in accordance with the generally accepted accounting principles and practices and in accordance with the financial reporting of the Project Operating Manual of the agreement dated 22.02.2024 between IBRD and the Bank.

These project financial information are presented in EUR. The significant accounting policies are as follows:

2.1 Designated account

Designated account represents IBRD fund which is disbursed under the project. Designated account is recognized initially at their principal amounts and subsequently are continued to be measured with their principal amounts.

2.2 Amounts paid to beneficiary enterprises

Grant amounts paid to beneficiary enterprises are in EUR equivalent of their expenses within their sub-grant project budget. Actual disbursements to grant beneficiaries are made in EUR.

2.3 Amount due to IBRD

Amount is being withdrawn from IBRD and kept in designated account for the use of sub-grant beneficiaries' expenses under sub-grant projects and technical assistance for the grant implementation. The unused amount of grant will be paid back to IBRD in accordance with the grant agreement between IBRD and TKYB.

3. Restricted Use of Funds

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

4. Disbursement Utilization

As of 31 December 2025, IBRD has provided the designated account of the project with a payment of EUR 60.450.926 to be used for the payments for technical and institutional support provided for program implementation and sub-grants to beneficiary firms. As of the reporting date, beneficiary firms were given a total disbursement of EUR 47.329.449 from the grant and a total of EUR 3.191.312 were spent for the technical and institutional expenses under the grant program.

5. Subsequent Events

None.